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THE WORLD BANK'S 'NEW' DEVELOPMENT STRATEGY: DEFENSIVE MODERNISATION

by

MOHAMMAD IBRAHIM ALLADIN

A THESIS

SUBMITTED TO THE FACULTY OF GRADUATE STUDIES AND RESEARCH

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The undersigned certify that they have read, and recommend to the Faculty of Graduate Studies and Research, for acceptance, a thesis entitled "The World Bank's 'New' Development Strategy: Defensive Modernisation", submitted by Mohammad Ibrahim Alladin in partial fulfilment of the requirements for the degree of Master of Education in Sociology of Education.

.....
Supervisor

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.....

Date...April.30.,.1984....

This thesis is dedicated

to

my father, Moussa Alladin and my mother, Amida Beeharry

whose love and kindness I shall never forget

ABSTRACT

The development strategy of the past two decades emphasised increased investment in the modern capital-intensive sector. This strategy, based on the modernisation paradigm, focussed on rapid industrialisation often at the expense of agriculture and rural development. Education was conceived as a major component for rapid industrialisation. It led to massive investment in education, especially at the secondary and tertiary levels. It was assumed that rapid economic growth will take care of poverty, unemployment will be eliminated and income will be redistributed. But it failed to reduce poverty, eliminate unemployment and redistribute income. The overall results of this development strategy have led a growing number of governments, economists and aid agencies, such as the World Bank, to examine alternative development strategies for developing countries.

In the 1970's the World Bank launched a 'new' development strategy, which aimed to meet the basic needs of the poor. This concern for the poor was highlighted when Robert McNamara became the Bank's President. He emphasised rural development and the eradication of poverty. After McNamara became President, the World Bank endorsed the basic needs approach as its new development strategy.

In theory, the new development strategy is designed to meet the goals of increased employment, reduction of extreme poverty, and greater equity in income distribution. A recent World Bank study notes:

> The design of a poverty-oriented strategy requires the selection of a mix of policy instruments that can reach the target

> groups that have been identified. While we advocate maximum use of instruments that operate through factor and product markets, often they will not be sufficient for this purpose. We have therefore given particular attention to a range of direct measures, such as land reform, the distribution of education, and other public services, and measures to redistribute assets toward the poverty groups. Without such a redistribution of at least the increments of capital formation, other distributive measures are not likely to have a lasting impact on the poverty problem. (Chenery et al. 1974, p. XVII)

In pratice, these goals cannot be fulfilled because elements of the modernisation theory are still present in the World Bank's new development strategy. From the critical paradigm viewpoint, the World Bank's development-ideology as expressed in its socio-economic "development" projects basically promotes modernisation themes, and thereby a dependent capitalistic order in the LDCs.

A critical examination of the new development strategy shows that behind the World Bank's professions of concern for the well-being of LDC masses lie deep-rooted corporate motivations of capitalist accumulation and expansion. "Development" institutions, such as the World Bank, are geared towards keeping LDCs open to Western imperialist penetration and perpetuating dependency. In the recent World Bank re-orientation towards "attacking mass poverty", labelled as the so-called "basic needs strategy", there is in fact, as will be discussed in the case study of India, strong concurrence of dependency and capitalist penetration.

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TABLE OF CONTENTS

CHAPTER		PAGE
I.	INTRODUCTION	1
	Theoretical Problems of Development	4
	Purpose of the Study	8
	Theoretical Orientations	9
	Sources of Data and Limitations of the Study	12
	Methodology	13
	Organisation of the Thesis	14
	Footnotes	16
II.	WORLD BANK AND BASIC NEEDS STRATEGY	17
	Introduction	17
	Basic Needs: A Definition	18
	The New International Economic Order (NIEO) - Implications for the Less Developed Countries (LDCs)	24
	BN Approach: Who Benefits?	26
	Basic Needs Strategies of Development	31
	Summary	36
	Footnotes	39
III.	THEORETICAL RATIONALE OF BASIC NEEDS STRATEGY	43
	Introduction	43
	Basic Needs and the Modernisation Paradigm	44
	Basic Needs and the Critical Paradigm	49
	Summary	61
	Footnotes	64

IV. BASIC NEEDS AND NONFORMAL EDUCATION 67

Introduction 67

The World Bank and its 'Poverty-oriented' Development Strategy 68

Basic Education and Nonformal Education 73

Nonformal Education: What is it? 82

Nonformal Education and the Eradication of Poverty .. 84

Nonformal Education: A Critical Analysis 87

Summary 99

Footnotes 102

V. THE POLITICAL ECONOMY OF INDIA'S DEVELOPMENT SINCE 1947 105

Introduction 105

India's Development Strategy since 1947 106

India's Development Strategy and the Basic Needs of the Poor 126

India's Development Strategy: Concluding Remarks ... 132

Footnotes 139

VI. EDUCATIONAL DEVELOPMENT AND INDIA'S DEVELOPMENT STRATEGY 142

Introduction 142

Educational Reforms Before Independence 143

Role of Education in India's Development 155

Nonformal Education: A 'New" Education Strategy for India 167

The Political Economy of Basic Needs Strategy and Nonformal Education in India 175

Concluding Remarks on India's Educational Development 180

Footnotes 183

VII. WORLD BANK's 'NEW' DEVELOPMENT STRATEGY: DEFENSIVE MODERNISATION 186

The World Bank's New Development Strategy: Some Suggestions for Future Policies 197

Footnotes 201

VIII. BIBLIOGRAPHY

Books 202

Articles 207

Additional Sources 210

LIST OF TABLES

Table	Description	Page
I	Bank and IDA Lending to Developing Countries	21
II	An Example of the Required Degree of Income Redistribution	72
III	Public Expenditure on Education	78
IV	Public Expenditure in Education per Student	80
V, VI	Investment in Levels of Schooling	91
VII	Enrollment by Level of Education, 1881-82 to 1935-37	150
VIII	Proposed Expenditures for Education in India	162

(The) economic constitution of India and for that matter of the world should be such that no one under it should suffer from want of (basic human needs) food and clothing .... And this ideal can be universally realized only if the means of production of the elementary necessaries of life remain in the control of the masses.

Mahatma Gandhi

Quoted in Louis Ficher's book The Essential Gandhi. Published in Great Britain by George Allen and Unwin. 1962, p. 231

INTRODUCTION

The subject of development started to appear more prominently in the discussions of economics literature after the Second World War. The economic development of underdeveloped countries, is a subject of more recent origin. After the Second World War, when the former colonies began to emerge as independent nations, their economic development became a 'concern' to the more industrialised countries (MDCs). According to the thinkers from MDCs, the developing countries lacked the infrastructures: modern technology, institutions, agricultural modernisation, social services, and so forth, which were the characteristics of modern industrialised nations. Many MDCs, in the post World War 11 period undertook efforts to promote industrialisation of the less developed countries (LDCs) for various reasons.[1]

The basic objective of those efforts was presumably the promotion of industrialisation in the LDCs as a means to generalise to them the consumption patterns and life styles already acquired by the industrialised countries. To make this possible as a first condition, the elites of the industrialised countries had to increase their control over the foreign sector in order to capture a larger proportion of the surplus needed to finance

increased consumption and investment. The State became in this way, the active instrument of a new policy aimed at the local reproduction of the characteristics of mature industrialised capitalist countries: industrialisation, agricultural modernisation, development of infrastructure, expansion of education, modern technology, etc.

The countries that had all these things were considered developed, those that lacked them were underdeveloped, and development, according to some thinkers from the MDCs, was the process from one situation to the other.

This way of thinking about development was furthermore intensely promoted from the industrialised nations, particularly the United States, which emerged as the new capitalist centre after World War 11. The external support of national ruling classes against challenges from the 'Communist bloc' became an all important objective in the capitalist camp. The national ruling classes in the underdeveloped countries saw the U.S.A and Western Europe as guardians of their interests and as socio-political and economic models for development. The development of modern industrial capitalism in these countries therefore became their long-term aim which was held in common with the ruling classes of the Western powers.

The economic thought which influenced policy-makers, experts, and advisers formulate the best policies for the development of the LDCs, was conceptualised and systematised as "modernisation theory". After the Second World War, modernisation theory gained prominence in development thinking. Its essence lies in its teleology and its

claim to scientific objectivity. It assumes that all countries have to "develop" along a single upward slope -- to become roughly like the U.S.A, the idealised model and ultimate goal of "development".[2]

Modernisation theory is based on three main assumptions. First, there is the "unilinear" assumption that LDCs ought and can "develop" along the path blazed by modernised MDCs, with advanced capitalism as the highest stage of "social development". Second, underdevelopment is attributed to the lack of or insufficient "development" of certain internal LDC characteristics, whether these be capital, technology, cultural attitudes, social organisation, or entrepreneurial elites. Simultaneously, one crucial internal structural feature is singularly and consistently downgraded, distorted or ignored, namely that of social relations of production as understood by critical analysts. And thirdly, MDCs are deemed to have had and to have a positive role in fostering "development" via economic and political relationships. These basic themes -- implicit or explicit, are to be found recurring in modernisation literature.[3]

The above assumptions have been and continue to be made by modernisation policy-makers such as those employed by Western governments, United Nations organisations, the World Bank and so forth.[4] They are to devise the strategies whereby the newly independent LDCs states could, in the shortest possible time, amass the human capital necessary for take-off into modernity.[5]

By the early 1960s, economists and other social scientists began to question the modernisation model of development and its underlying assumptions. They began to disentangle some of the issues which arise

in the modernisation sociology of development. Writers, especially using the Marxian paradigm started to expose the theoretical deficiencies of modernisation theory. Development policies based on the modernisation model of development came under severe scrutiny. This marked a new direction in development thinking.

THEORETICAL PROBLEMS OF DEVELOPMENT

In just over three decades, development has faced both a 'boom' and a 'crisis'. To understand this disparity, there is a need for critical reappraisal of development theories. At a time when new policies, new strategies and models are being proposed, it is worth looking back upon the interaction between development thinking and development practice since the Second World War, because it may have important lessons for the future. At the outset, it should be stated that this is a difficult exercise. The analysis will therefore, focus on the competing theories of development and how they influenced development practice.

Two main lines of thinking and policy emerged since the early 1950s.[6] On the one hand were the conservatives -- intellectual representatives of the old order -- who maintained that the traditional specialisation in primary exports constituted the best engine growth. The benefits of specialisation and comparative advantage would then be spread from the export sector to the rest of society and development would eventually be achieved.

This line of thinking argues Sunkel, went against the interests of the new social groups that were emerging out of the struggle against the old alliance of the local oligarchy and imperialism.

Emerging national bourgeoisies were trying to gain control of the State in order to capture a larger share of the surplus generated in the export sector and to use it to promote industrialisation and modernisation. Classical economics theory provided the rationalisation for an active state role and for a heavy emphasis on capital accumulation as the basis for economic growth. Growth models provided practical instruments for planning.[7]

Theories that were critical of the doctrines of free trade and international specialisation and that attributed underdevelopment to the lack of industrial development (such as those of Lewis, Prebisch, Singer, Mandelbaum and others), provided the rationalisation for protection, for investment in infrastructure and for planning. The contrast between the heterogeneous reality of underdeveloped countries and the assumptions of neo-classical theory provided the rationale for policies of institutional reform and modernisation in agriculture, education, taxation, public administration and finance.

A more radical version of this programme for the development of national capitalism, strongly influenced by a Marxist thinking about internal and international exploitation, surfaced when political conditions allowed. Heavy emphasis was placed on nationalisation of foreign investment in the primary sector and public utilities, state ownership of basic industries, trade with socialist countries and much more drastic agrarian reform and state planning.

It is against this theoretical background that it is possible to look at the development strategies that emerged since the 1950s. At a time when many developing countries were emerging as independent

states, the proponents of the modernisation theory assumed that the expansion of education, rural modernisation and urbanisation would promote social mobility and diversify the social structure, widening the middle and entrepreneurial classes which are the indispensable social base of modern capitalist society. The creation of modern bourgeois societies of this kind would in turn facilitate the development of political democracy, as practised in Western Europe and the United States.[8]

International aid-giving agencies, such as the World Bank and the IMF, were created to promote development in the LDCs. Their development strategies, based on the modernisation model of development, emphasised accelerated economic growth that was suppose to increase employment opportunities. But after two decades of accelerated economic growth, it soon became apparent the unemployment and underemployment, particularly in the rural areas was rising dramatically and creating staggering problems of poverty. At the same time skills, income and wealth were concentrated in the hands of a small entrepreneurial and professional elite and income inequality was accentuated. Poverty and inequality became major problems for the LDCs, and the World Bank sought to 'readdress' these problems by embarking on a new policy to overcome poverty in the Third World.

The major concern of the Bank's new development strategy was to tackle the problem of poverty. The so-called basic needs approach was targeted to help the some 100 million poor in LDCs, meet their basic needs. When McNamara became the President of the World Bank, the satisfaction of basic needs and rural development became the

Bank's new priority. The World Bank called it a conceptual shift because its 'new' development strategy is aimed at meeting the basic needs of the poor, which was previously neglected.[9] The World Bank has proposed changes and it has recognised the problems of poverty. It therefore proposed that greater emphasis should be given to developing the rural areas of poor nations, and this would require, among other things, fresh approaches to meeting the educational needs of the rural poor.[10] The World Bank policy-makers saw a close connection between meeting basic needs and the provision of a particular type of education for the poor.

The World Bank claims that the new development strategy provides a basis for eliminating poverty in the Third World. It also claims to reduce the illiteracy rate by providing a 'relevant' education that would make the poor more productive. It shares a heightened interest in nonformal education. In the early 1970s, the Bank endorsed nonformal education as its official policy, and nonformal education, therefore, became a major component of the new development strategy.

The above claims raise a number of theoretical and conceptual problems. What is not clear is, how far the new development strategy differs from those development strategies of the 1950s and 1960s. The World Bank claims to have departed from the modernisation model of development, but has it really done so? If the World Bank did depart from the modernisation model, what are the theoretical and philosophical underpinnings of the new development strategy? What prompted the World Bank's sudden interest in rural development and the eradication of poverty? Where does nonformal education fit in?

This thesis seeks to address these questions.

PURPOSE OF THE STUDY

The purpose of this study is to examine the World Bank's 'new' development strategy. It seeks to explain what is new about it. In order to do so, the thesis examines the older models of development which were premised on the modernisation theory. In order to build a critique of the modernisation paradigm and its views of development, it looks at the basic premises and assumptions of modernisation theory. The modernisation paradigm is also looked at from another perspective, the critical paradigm, which attempts to provide an alternative explanation of Third World development.

The central focus of the study is the World Bank's new development strategy, i.e the basic needs approach. It is posited that the World Bank's new development strategy is framed on the modernisation model of development and it will be argued that elements of it are found in the new development strategy. The thesis addresses the contradictions of this so-called new development strategy and the implications for Third World development.

The World Bank's development - ideology is illustrated by using India as an example. The case of India is used purely for illustrative purposes and not to prove or disprove any claims. It is chosen out of interest in that part of the world. The case-study is only a minor part of the study. The case-study of India seeks to provide an understanding of how development strategies are imported to the LDCs. India's development after Independence, was guided and framed by external influences to a fairly large extent, and institutions,

such as, the World Bank and IMF, played an important role in India's development approaches. The thesis attempts to describe and analyse some of the consequences of India's development since 1947, especially what pattern of development India adopted and what it meant to the poor. India consistently attempted to overcome inequality and poverty, but did the World Bank's new development strategy provide India with a basis for overcoming poverty and inequality? The case-study of India addresses these kinds of questions.

The World Bank is an important international institution in which development policies and actions of specific Third World countries and particularly of their governments take shape. Therefore, it is important that the role of 'multinationals', IMF, World Bank, etc., are studied from a critical paradigm viewpoint. By studying the World Bank's development strategy from this theoretical approach, this thesis seeks to explain the underlying assumptions of the World Bank's development - ideology and points out the theoretical weaknesses of the modernisation model of development.

THEORETICAL ORIENTATIONS

The thesis is sociological in its orientation. It uses a political economy approach and utilises concepts such as, class and inequality, in order to explain development. The framework employed is that of critical social science, including neo-Marxian and Marxian critique of modernisation theory.

Critical social science and Marxian political economy bear a number of similarities. Both approaches focus on class struggle and class domination. Their basic premise is that class struggle and

class conflict are an ongoing process. Within this context, critical social scientists and Marxian political economists seek to explain and analyse the dynamics of capital accumulation within a global matrix and, in particular, the nature of the transformation of pre-capitalist societies by colonial and neo-colonial capitalism. One of the main differences between these two approaches is that critical social science is a much broader discipline in that, it incorporates critical theory, Frankfurt School and the works of Habermas and Marcuse. Political economy found its orientation primarily in the works of Marx and other Marxian scholars.

One of the major weaknesses of the social sciences is the lack of an interdisciplinary approach to the study of development. Both critical social science and political economy seek to overcome this weakness. They incorporated other disciplines in order to expose the static functionalist paradigm. Critical social science and political economy, therefore, provide the conceptual and analytical tools to the study of development. This thesis employs critical social science as its framework and within that, it uses the political economy approach to explain how development thinking got institutionalised in one particular approach, i.e, modernisation theory. (The role of financial support in the institutionalisation of an approach goes beyond the subsidising of individual studies in universities. In the case of modernisation theory, it was widely diffused through sponsored publications, international conferences, and consultations with leading policy-makers. The role of such sponsored support in the institutionalisation of an approach in the social sciences is worthy of careful study).

Political economy, especially Marxian political economy, provides the analytical concepts required to analyse development. Fundamental to this approach, is the conception of a dialectical relationship between the development of the First World and the underdevelopment of the Third World. The term 'dialectic' refers to a two-way causal connection. What is implied is that the West developed precisely because it was underdeveloping the Third World, whilst the latter became underdeveloped in aiding the ascendency of the West. The modernisation paradigm has neglected the historical development of societies in its analysis of the development process. Its lack of historical specificity has made its analysis of Third World development redundant.

Capitalist development is not, as modernisation theory claims, a cumulative process of mechanical dynamics where everything is determined by an unchanged set of initial conditions.[11] On the contrary, capitalist development takes place in interaction with pre-capitalist and/or earlier capitalist formations. Its expansion requires a thorough reorganisation of society, with new social forces gathering the power and strength to challenge the existing dominant groups and to take over the institutions that regulate the generation, appropriation and utilisation of economic surplus. Economic growth implies changes in social structure, a redistribution of political power, institutional and cultural transformation, and this is a dialectical process, full of conflict.

From the political economy approach, not only must there be structural change, but this change takes place through confrontation. The State, the main legitimate instrument of power and force, is

usually the crucial battle ground between the different social group. It is a central factor in the process of development, playing a fundamental role in allocating the surplus generated by the foreign sector to new social groups. The poverty of social sciences, and particularly of economics and classical political economy, in terms of their treatment of the role of the State has undoubtedly been one of the greatest weaknesses of development thinking.

The World Bank's new development strategy is approached from the political economy views of development. This critical assessment of the World Bank's strategy provides an understanding of the political-economic behaviour of MDCs institutions, such as aid agencies and multinationals, in shaping realities in LDCs.

This thesis therefore, seeks to understand why the less developed countries have suffered such a set-back in their development. It seeks to examine the "policies" of such powerful agencies as the World Bank.

SOURCES OF DATA AND LIMITATIONS OF THE STUDY

The limitations of this thesis derive primarily from the fact that information is limited in this area of inquiry. Although there is abundant literature on educational research, sociology of education and development, there are limited resources on the World Bank's policies on education. The World Bank itself does not have a long history and its concentrated involvement in international development is quite recent.

The study essentially uses secondary data. Secondary data is

defined as preexisting data which were not collected for the specific ends of a given research. These include: a) published materials, such as the Bank's own documents and publications, b) analyses of the Bank's policies and their underlying theoretical assumptions, c) the ongoing critique from neo-Marxist and Marxist perspective of modernisation theory, d) studies of the role of international agencies such as, the World Bank and IMF in the world economy and in the evolution of particular development strategies of many Third World countries.

The use of secondary data can impose certain limitations on research, such as: a) the lack of opportunity to adduce information first hand from key human actors involved in the formulation of policies; their own stated or unstated reservations or concerns are not publicly expressed in the official documents, b) lag between current thinking and the official published documents. There is inevitable time lag. Hence the materials at hand may not reflect current thinking on policy or perception of problems, c) use of secondary data do not permit any analysis at the level of actors' motives or intentions. Hence analysis must be limited to policies, their consequences, and the theoretical assumptions underlying them.

METHODOLOGY

The methodology used for this research comprised of an examination of written materials related to education and development in the context of developing countries. An extensive library search was conducted to locate books, published and unpublished articles and international organisations' reports related to the study undertaken.

The method employed in this thesis is both explanatory and analytical. It attempts to analyse and explain the World Bank reports and policy papers. In doing this, contemporary publications, documents, policy papers, reports of different international organisations, such as, UNESCO and the Commomwealth Secretariat, are consulted as important sources of information. Further, a comprehensive library search was conducted on India and various planning documents were consulted in order to explain India's development. Most of the reports on India referred to in this research are quoted from secondary sources. Although this may pose a problem of accuracy, the intention is to demonstrate India's pattern of development after Independence. References are also made to relevant books and articles which are directly related to the subject matter under investigation.

ORGANISATION OF THE THESIS

The thesis is organised into seven chapters. The introductory chapter is followed by Chapter 2, which deals with the World Bank and its 'new' development strategy, the basic needs approach. It traces the origins of the new development strategy and raises important questions, such as, what the new strategy involves and who will benefit from it.

Chapter 3 discusses the theoretical rationale of the basic needs approach. Two alternative paradigms or world views for explaining "underdevelopment" and promoting "development" are discussed. The analysis of the modernisation paradigm and of the critical paradigm is discussed in relation to the World Bank's new development

strategy and its role in policy-formation for developing countries.

Chapter 4 examines nonformal education as a means of meeting the basic needs of the poor. The chapter addresses three broad themes. The first theme spells out the components of the World Bank's 'poverty-oriented' development strategy and analyses McNamara's critique of the modernisation model of development. The second theme discusses basic education and nonformal education and shows how such a model of education evolved out of the new development strategy. The third theme is a critique of both the new development model and nonformal education.

Chapter 5 looks at the political economy of India's development since 1947. It examines India's development strategy since Independence and seeks to explain some of the consequences India had to face as a result of the development model it adopted.

Chapter 6 focusses on the educational development and India's development strategy since 1947. In order to discuss the role of education in India's development, educational reforms before and after Independence are examined. Questions such as, what prompted India to adopt a policy on nonformal education; how can nonformal education help the poor to meet their basic needs, are raised.

Chapter 7 summarises the conclusions that emerged from the study, and proposes some suggestions for future policies.

FOOTNOTES

1. LDCs means Less Developed Countries or Third World. The industrialised nations are referred to as MDCs (More Developed Countries).

2. SUNKEL. "The Development of Development Thinking". IDS Bulletin, March 1977, Vol. 8, no. 3.

3. TOH. "The Overseas Development Council". Ph.D Thesis, University of Alberta, Edmonton: Alberta, 1980, p. 14.

4. HOOGVELT. The Sociology of Developing Societies. London: Macmillan, 1976, p. 61.

5. DORE. The Diploma Disease. London: Allen Unwin, 1976, p. 1.

6. SUNKEL, op. cit.

7. SUNKEL, op. cit.

8. SUNKEL, op. cit., p. 8.

9. McNAMARA. Address to the Board of Governors. Nairobi, Kenya, World Bank Group, 1973.

10. AHMED and COOMBS. Attacking Rural Poverty: How Nonformal Education Can Help. London: John Hopkins University, 1974, p. 3.

11. SUNKEL, op. cit.,p. 11.

CHAPTER TWO

WORLD BANK AND BASIC NEEDS STRATEGY

INTRODUCTION

Beginning in 1974, a number of non-governmental organisations and several international agencies began to question harply the whole idea of basing development strategy on the achievement of gross increases in production, and ask with asperity hard questions about who was getting the benefits. Indeed, a World Bank issue paper written in March 1977, summarises what has quite suddenly become a widely held opinion:

> ....economic growth appears to have done very little for the poorer of the Third World's rapidly growing populations.... [1]

The spreading disgruntlement with this state of affairs as echoed at various international conferences, which were calling for a "new development strategy -- national and international -- defined and designed, not merely to meet the criterion of private or state profitability, but rather to give priority to the expression and satisfaction of fundamental (basic) human values".[2] In 1976, the World Employment Conference gave its approval for the "basic needs" approach (BN) and in 1977, the World Bank officially endorsed BN as its "new development" strategy.[3]

The rapid emergence of "basic human needs" as a major theme in international politics raised a number of ideological and conceptual questions. What was emerging was a doctrine of universal entitlement. Just as, inside some countries in the nineteenth century, a national

consensus coalesced around the idea that all classes have an equal claim to some minimum requirement for a decent life, so, in this century, an international consensus has been coalescing around the idea that people in all countries have a right to the provision of some minimum needs simply because they are people.[4]

This chapter traces the origins of basic needs and shows how it was endorsed by the World Bank as its new development strategy. It discusses the underlying assumptions of BN and its implications. Important questions such as, who will benefit from basic needs and basic needs for whom, are raised.

BASIC NEEDS: A DEFINITION

In 1976, the World Employment adopted its resolution on the "basic needs" approach to development in the LDCs. As outlined by the International Labour Office (ILO), basic needs include two elements: (1) the satisfaction of minimum requirements for private consumption -- adequate food, shelter and clothing, as well as certain household equipment and furniture; (2) essential services -- provided by and for the community at large -- such as safe drinking water, sanitation, public transport and health, educational and cultural facilities.[5] This view of the goals of development and the means of achieving them raises a number of conceptual questions and practical policy issues. It raises the following kinds of questions: the relationship between BN, absolute poverty, relative poverty and inequality of income distribution, the relationship between BN and other development strategies; the implication of the time horizon postulated for the meeting of BN targets;

the problems involved in the measurement of BN in different societies; the size of the national and international resources required to meet BN targets and how these resources might best be generated; the feasible policy instruments for achieving BN goals.[6] Singh argues that in the past, the fruits of growth have not made their way into the hands of the poor, a country's acceptance of basic needs as a key social goal implies the acceptance of a new approach to development. Full employment and increased productivity are cornerstones of their approach; popular participation in decision-making and 'major structural changes' must be made.

The BN approach did not originate with the World Bank, but achieved prominence as a strategy and received official endorsement of the World Bank after Robert McNamara became President in 1968, and after Mahbub ul Haq joined the Bank in 1970. The basic needs strategy is concerned with removing mass deprivation, a concern that has been at the heart of development economists since the 1950s. The discussion started in the 1950s, strongly influenced by Arthur Lewis[7] and others, who emphasised economic growth as the way to eradicate poverty. But in the early 1970s, the World Bank officially adopted the basic needs approach as its new development strategy.

Both McNamara and Haq, have presented eloquent formulations of justifications for the implementation of the BN approach. Haq argues that:

> The objective of development must be viewed as a selective attack on the worst forms of poverty....we were taught to take care of our GNP, as this will take care of poverty. Let us reverse this and take care of poverty as this will take care of the GNP.[8]

Rural and agricultural development rather than rapid industrialisation are the central objectives of McNamara's and Haq's approach to social development. World Bank policies have reflected this shift in thinking; in the 1950s and 60s, the bulk of World Bank loans went to large capital-intensive projects, while under McNamara rural development programs have become a priority, with the Bank targeting many of its loans, in fact about two-thirds of its total lending towards "rural development, industry, education, water supply, nutrition and population projects".[9]

McNamara's emphasis on rural development has created anxiety in the LDCs, which fear that the BN approach may discourage industrial development. Whether or not this is the case, it is undeniable that the World Bank's policies concerned with the BN strategy do not adequately emphasise the positive, let alone the leading role of industrialisation in bringing about a long-term structural transformation of the economy. The ILO Director General's report, in its summary of "the main ingredients of the proposed new approach to development", does not even mention industrial development; instead it calls for "increased investment in the 'traditional' agricultural and informal urban sectors and the removal of obstacles to their development, especially by reducing inequality of access to production services and assets".[10] Both the World Bank and the ILO, in their discussion of BN have said very little about the development of industry and its crucial role in achieving desirable long-term changes in the structure of production.

Table 1 shows that the Bank's loans to agriculture have been increasing, especially since McNamara became president. The figures

TABLE 1

Bank and IDA Lending to Developing Countries

	Through 1963	1964-68	McNamara 1969-73
Agriculture	456	621	2,589
Education	5	157	726
DFC*	206	483	1,224
Industry	550	118	598
Non-Project	173	455	715
Population	---	---	66
Power	1,834	1,461	2,245
Telecommunications	47	152	695
Tourism	---	---	60
Transportation	2,038	1,466	3,257
Urbanisation	---	---	52
Water Supply	11	119	589
Technical Assistance	--	--	14
Total (millions U.S. dollars)	5,321	5,030	12,849

Source: C.P. Bhambhri. World Bank and India. New Delhi, Vikas Publishing House, 1980, p. 60.

*DFC -- Development Finance Companies

for industry are lower, when compared to those for agriculture. Over the two 4-year periods, increases have taken place as follows: loans to agriculture increased four times, for industry five times, but absolute amount is smaller when compared to agriculture. The table indicates that loans to the social and welfare services, which are related to meeting the basic needs of the poor are either minimal or do not receive priority.

The second fear of the LDCs with respect to the BN approach is related to the first, and concerns the nature of development assistance. McNamara has suggested that one of the major goals of the international community should be to meet the basic human needs of the majority of the absolute poor by the end of the century.[11] It is accordingly proposed that aid should in future be increasingly concentrated on the poorest LDCs and that its focus should be changed in order to meet basic needs targets.

From the point of view of the LDCs, this change in aid strategy has two disadvantages.[12] First, in each of the recipient LDCs, the industrialisation programmes will be adversely affected if assistance for the modern industrial projects is not forthcoming. Second, although the favouring of the poorest countries over the less poor may sound admirable in principle, its possible effect, at the present juncture would be to generate divisions within the ranks of the LDCs. It is significant that, despite existing differences, the Third World has so far maintained a remarkable unity in its negotiations with the rich countries over the various elements of the new international economic order (NIEO). Such a unity, it may be argued is crucial if

LDCs are successfully to secure additional resources through desired changes in the terms of international trade and other economic order for them to implement policy changes to benefit the poor under the BN strategy, advocated by the World Bank and ILO.

In spite of the above reservations by LDCs, international agencies, like the World Bank are, however, full of enthusiasm in their policies and suggestions. BN is being suggested to the LDCs as a desirable course for their internal development policies, to be supplemented and reinforced by industrialised countries.

The proponents of NIEO, in the industrialised North also argue for the implementation of BN in the South. For instance, the Brandt Report informs leaders in the South that "they should be aware how important it is that public opinion in the North is conceived that measures of international reform which need support will really affect the living conditions of their people as a whole".[13] A bargain is being made: certain international reforms are being advocated but at the same time it is emphasised that "the developing countries have to learn, that reforms in their own national orders are often the critical bargaining chip that they need in pressing for similar reforms at the international level".[14] But bargains made between the rich and the poor must be in their very nature unequal ones; who, then, will benefit most from linking the negotiations on the NIEO with the commitment to implement the BN approach as advocated by the World Bank? One thing seems clear enough: the authors of the Brandt Report see the international reforms in economic relations and the BN strategy as being closely interlinked.

THE NEW INTERNATIONAL ECONOMIC ORDER: IMPLICATIONS FOR THE LDCs

The first formal declaration of demands related to necessary changes in the international economic order by the LDCs was made at the Sixth Special Session of the UN General Assembly in 1974, but the demand for a NIEO can be traced back to the first meeting of non-aligned Afro-Asian countries in Bandung in 1955.[15] According to Haq poor nations gathered at Bandung expressed grave concern about widening disparities between the rich and poor countries and located an important source of this phenomenon in the very structure of international economic relations which operated to the detriments of the poor countries. For the poor countries the existing order had provided little in the way of material benefits.[16]

The principal items in the NIEO demands are as follows: in trade -- international commodity agreements to stabilise and raise prices; non-reciprocal reductions in rich-country barriers to LDC exports; expanded generalised trade preferences for LDC industrial products into Northern developed countries markets; more adjustment assistance to DC domestic industries to stimulate entry of LDC products; in aid -- DCs should meet UN targets; increase food/fuel emergency assistance, and re-negotiate debt terms; in foreign investment -- greater access of LDCs to international capital markets; eliminating traditional legal restrictions on expropriation; rich-country co-operation in regulating multi-national corporations so that greater benefits accrue to LDCs; in technology transfers -- DC support for LDC and rural development, DC persuasion of their multi-nationals to adapt

technology to local needs; changes in patent laws; and in international monetary system -- more LDC voice in management; more international resource allocations to LDCs; greater say in international economic decision-making.[17] Thus, the NIEO, designed essentially to alter the terms of trade for the LDCs involve a number of changes in the structure of North-South trade, including the stabilisation of commodity prices, the opening of Western markets to labour-intensive Third World manufacturers, and increased aid. As with basic needs, there are those who seek only minor concessions and changes, others who advocate major structural reforms in institutions and political systems.[18] It is not difficult to see why the LDCs, heavily disadvantaged by the old economic order, would push for a new one, it is more instructive to investigate the reasons behind the willingness of the DCs to discuss it.

The demands put on by the LDCs on the DCs obviously entail more direct transfer of resources from the rich nations to LDCs. It does not mean that the "North" would agree to all NIEO demands. Nevertheless, the United States is warned not to ignore "legitimate" LDC grievances, given the grave potential for costly North-South economic political conflicts. But if the Overseas Development Council (ODC) and the World Bank want to "push" forward the BN approach (as they professed), integration of the NIEO with basic needs programs is seen by some[19] crucial, although Haq argues that a NIEO may not necessarily result in the meeting of mass basic needs in developing countries.[20]

Haq's reservations seem to be based in the following NIEO, like the old economic order before it, may function as a mechanism for assymetrically integrating Third World countries ever fully into the capitalist

system, as it seeks, not so much to change fundamentally the existing structures, but rather to make them more acceptable to both sides. The sides, it must be remembered, are not simply North and South, but rather the bourgeoisies of the First and Third World nations. The elite classes of most Third World countries have no desire to opt out of the very system upon which, as Hoogvelt[21] points out, their own power depends; they are interested in obtaining a larger share of the benefits if possible and in increasing their opportunities to participate actively in the control of international institutions,[22] not in efffecting changes that would undermine their own power and positions.

The danger alluded to by Haq that, without reforms within the Third World nations, the potential benefits of the NIEO will be siphoned off by the elites is the rationale behind many (North) writers' desire to link the implementation of the NIEO with the LDCs demonstrated commitment to the BN approach. However, as has been suggested by the critics of the BN approach, it is quite possible to implement a BN approach which poses no challenge to existing structures and which may in fact increase their stability.

BN APPROACH: WHO BENEFITS?

It may well be asked who benefit from the pursuance of the BN approach. Why, for example, did the World Bank enact such a "radical" shift in its policies? Did this truly come about because of a passionate concern for the plight of the poor? "For these hundreds of millions," McNamara orates, "development has failed. It will continue to fail unless the dynamics of human poverty are dealt with directly, and reversed".[23]

However, the World Bank is a bastion of the international capitalist system. The United States controls more than twenty per cent of the voting power; the President is an American. Its major concern lies with development, but it is with the development of better opportunities for multinational corporations and banks in the Third World countries; "its role is also to legitimize the international structure of power among these countries that objectively suffer, or draw only marginal benefits, from the current system".[24] In seeking to identify the resources of the World Bank's sudden and vocal concern with the welfare of the poor, one must seek to discover wherein lie the advantages for the Bank and for world capitalism. Basic needs are indeed at stake here, but could it be that they are really the basic needs of the international capitalist system?

In order to function properly, capitalism must expand.[25] The world capitalist system needs its world, and it needs it to be relatively acquiescent. While the masses in the Third World countries lack political and economic power, if their discontent is allowed to build up to the breaking point, the consequences for international capitalism could be unpleasant ones. This problem has been recognised by the World Bank. In McNamara's own words "Certainly what is very unsound economics is to permit a culture of poverty to so expand and grow within a nation that it begins to infest and erode the entire social fabric".[26] The real concern here may not be so much with "culture of poverty" properly understood as with the potential threat of political instability inherent in a social order characterised by widespread poverty and extreme social inequality.

Rural and urban development programs, therefore, may be aimed at

securing a minimum degree of political stability without tampering with the structures of class and power in the developing countries. As Bello argues "The underlying political rationale behind the Bank's focus is the pursuit of political stability rests through what may be called defensive modernisation. This strategy rests on an assumption that reform can forestall or pre-empt the accumulation of social and political pressure if people are given a stake in the system".[27] Rural and urban development programs in the Philippines were explicitly aimed at such a pacification. Reforms associated with BN strategy may be intended to prevent the occurrence of full-fledged revolution. People who feel that they are excluded from the system have little to lose by rebelling; those who feel that they are long last edging in the door and that possibilities are opening up before them are much less likely to risk losing what they have. They will be less interested in the plight of those who are still suffering, less willing to fight against remaining injustices.

Not only do World Bank BN-oriented policies focus on defusing the discontent of the masses, they also take into consideration the necessity of placating elites of a country who might feel concerned at the channeling of resources towards the poor. It has been admitted by the World Bank that, in some cases, less than 50% of the projects' benefits accrue to the poor; the rest go towards maintaining existing rural power structures in order to prevent subversion of projects by the ruling classes. Indeed, its rural development strategy may have led to the creation of a stratum of kulaks, or small capitalist

producers, who serve as a social cushion by absorbing and defusing pressures form the masses of tenant-farmers, landless peasants, and rural workers below.[28]

The fact that the World Bank's poverty focus seems in essence to be highly "political" is discussed by Van de Laar. Seemingly, the powerful are being asked to share their power with the powerless. How can this occur without a struggle? So strongly does the Bank seem to be committed to the socio-political status quo as Van de Laar points out, "The Bank will suspend lending if political turmoil accompanies a movement leading to change in a country's internal distribution of power and influence".[29] This assessment of the Bank's "political" aims is reinforced by other research. Stryker, for example, documents the fact that the leading recipients of IBRD/IDA funds include some of the most repressive regimes, such as Indonesia, Brazil, and the Philippines, and that, in several cases, "their rise in the ranks of borrowers followed the overthrow of previously more progressive governments".[30] It would appear to be the case that only certain minor accomodations are being asked of the Third World elites, but their positions of power are not being challenged by the 'new' development strategy of the World Bank.

To conclude the discussion in this section, it is apparent that the concepts of basic needs and the NIEO are linked at many levels. Indeed, the NIEO can be seen as a BN strategy at the international level: the attempt to work within a system that both requires and creates injustice and inequality, the yielding of certain concessions by the power groups in order to forestall radical demands from below,

the fact the largest share of the benefits accrues to the ruling classes and the bourgeoisies of both worlds. While the encouragement for the implementation of the BN approach appears to come mainly from the First World, and appeals for the NIEO from the Third World spokesmen and various Northern liberals, the main beneficiaries of both policies may be those classes which are locked together in the intricate embrace of international capitalism.

Along the way, some of the poor will benefit. A man who is starving and is suddenly given a small plot of land, or a slum dweller whose tumbledown shack is upgraded is not likely to worry about whether these good things integrate him more fully into the oppressive mechanisms of underdevelopment. A woman who sees her child start out to the neighbourhood school or who no longer has to walk a mile a day to find water indeed has cause to be happy. The concern with the satisfaction of basic needs is vitally important in a world where thousands of people die every day from malnutrition and preventable diseases. However, it must be recognised that without fundamental and radical changes in the system which has caused underdevelopment, dependency, and inequality, basic needs can never be satisfied in any lasting way. As long as the international capital dominates organisations such as the World Bank, and as long as the existing world system is accepted as the given system within which Third World countries must develop, there will be no truly international economic order and the basic needs of the poor will remain unmet.

BN STRATEGIES OF DEVELOPMENT

The 1960s witnessed profound changes in the perception of the development process by the World Bank.[31] As the developing countries began to focus on extending the "modern sector" throughout their economies by incorporating twentieth century industrial processes, it became clear that the modern sector was absorbing a disproportionate share of scarce capital, while the potential of smaller, traditional enterprises was being unduly neglected or sometimes indirectly penalised. Because modern investments tended to accumulate in urban areas, they contributed to migration of people from rural to urban areas and, in some instances, exacerbated urban unemployment. The modern sector failed to absorb the migrants at a pace proportionate to migration. It soon became clear that "natural economic growth", by itself, was insufficient to improve the welfare of the poor, rapidly and effectively.

By the late 1960s, the need to widen the definition of "development" by the World Bank beyond a narrow focus on economic production was apparent. This concern for a shift of definition was highlighted by McNamara in his presidential address in 1973 in Nairobi. "The economic growth is not equitably reaching the poor. And the poor are not significantly contributing to growth", McNamara said.[32] He added that it was not wise to concentrate on the modern sector in the hope that its high rate of growth would trickle down to the rural poor. Measures would have to be taken that would more directly benefit the poor, especially those in the rural areas. The concern for growth was, therefore, expanded to include the goals of income distribution and of satisfying the basic needs of all members of society. So, a search for

a new development strategy, including new direction for educational development was already on. As part of this change, the formulation of nonformal education, later endorsed by the World Bank as a bright new solution to the problems of the poor cautiously emerged.

The World Bank with overall commitment to its peculiar vision of development, maintains a strong concern for general education as well as training in specific skills. Its principal aim in lending for education is to assist developing countries in the immense process of human development and educational change and expansion, and in achieving the technical capacity and experience to become "genuinely self-reliant".[33] Education has been recognised by the World Bank as a central element in development.

The World Bank seeks to promote educational development on the basis of the following broad principles:[34]

(a) There should be at least a minimum basic education for all, available as fully and as soon as resources premit.

(b) Further education and training beyond the basic level should be provided selectively to improve, both quantitatively and qualitatively, the knowledge and skills necessary for the performance of economic, social and other roles.

(c) A national education system should be viewed as a comprehensive system of learning, embracing formal, nonformal and informal education, all working with maximum possible internal and external efficiency.

(d) In the interests of both increased productivity and social equity, educational opportunities should be equalized as fully as possible.

Basic education holds a central position in the World Bank's thinking on educational development. As the World Bank puts it:

> Education and training systems will need to be designed to enable the masses that have been unaffected by the growth of the modern sector to participate in the delopment process as more productive workers -- by being able

> to play their roles effectively as citizens, family members, leaders and members of groups involved in cooperative community action, and in many other ways. This ultimately means that all parts of the population must receive education and training of some kind as soon as resources permit and to the extent that the course of development requires.[35]

Thus, has emerged the suggestion that "universal basic education, in a variety of forms depending on possibilities and needs should be the top priority for educational policies in the 1970s".[36] (It should be noted that the masses are seen as productive workers; there is no mention of the masses as exploited sections of the social structures. They are only seen as industrial role-players who are ineffective primarily because they lack skills.

Basic education, a major component of the World Bank's new development strategy, can be interpreted in a variety of related ways. Clearly in many societies, the first part of the primary school cycle is the key element, although it is not the only one. Phillips states the position thus:

> By 'first level' or 'basic education' will be meant both primary education in school, especially the elementary part of the cycle where the primary cycle is a long one, and recuperative action, through nonformal education for youth who missed the necessary formal schooling. What is in mind is the minimum set of learning needs for the individual to function in his society and his physical environment.[37]

Strategies for achieving basic education will vary between societies depending upon needs and resources. For example, in developing societies with higher income levels and already high primary enrolment rates it may be possible to achieve basic education for all children (but not uneducated youths and adults) in the foreseeable future by universalising primary education. For many poorer

countries, such as India, this will not be an option. For them, mass basic education must imply the setting up of a "supplement, not a rival, to the formal educational system, that is intended to provide a functional, flexible and low-cost education for those whom the formal system cannot yet reach or has already passed by".[38] Such a statement suggests that there is no need for changing the existing educational system, only for adding a supplement. For a country like India, does it mean that the education system at present is highly equitable for classes in India? These vague analyses bypasses the asking of hard questions which require thoroughgoing critical analysis.

Another major component of the Bank's new development strategy is rural development. The World Bank seeks to link rural development with its policies on basic education. Since his presidential speech in 1973, McNamara has emphasised rural development and the World Bank's policies on education have reflected this emphasis. However, this may not be unusual because by 1970 policy-makers coined what came to be called "nonformal education".[39] (This concept will be discussed in a later section). The World Bank shared this heightened interest in nonformal education, particularly as it realted to the Bank's concern for agricultural and rural development. Having entered the field of education in 1962, the Bank by mid-1971 had made educational loans totalling $431 million and planned to increase ita lending rate in the educational field at least threefold over the next few years.[40] But most of the loans processed by its Education Projects Department had been for formal education. In 1970, two important factors led the Bank to change its future policies on

education: (i) it became apparent that the expansion of formal education in developing countries failed to achieve its expected objectives (ii) nonformal education fitted within the basic needs approach of development.

McNamara did not hesitate to incorporate nonformal education and rural development as part of his new development strategy for developing countries. Even before McNamara the World Bank already had a commitment to nonformal education and rural development. But under McNamara it achieved prominence. According to the Bank[41] rural people comprise the vast majority of the population in the developing world and virtually all of them are potential clients for nonformal education -- whether they live on farms, in villages, or rural market towns. After Ahmed and Coombs' study "Attacking Rural Poverty" (published in 1974, commissioned by the World Bank in 1971), rural development became a major priority for the World Bank.

The period covering the fiscal years 1963-71 was characterised by strong support for technical and vocational education (29%) and agricultural and training (15%).[42] Most lending (44%) went to general secondary education, largely in the form of comprehensive schools offering specialised portions of pre-vocational education at the upper level in agricultural, industrial and commercial subjects. A comparison of the lending during 1972 and 1974 with the figures for 1963-71 shows that a shift began in the pattern of the Bank's educational financing.[43] For example, the heavy concentration on the secondary level during earlier period started to give way to greater support for primary and basic education and for nonformal

education. Technical assistance increased from less than 5% to over 7%. It is assumed that such a shift will enable mass basic education in the LDCs. Education and training systems will, therefore, be designed accordingly. This ultimately means that all parts of the population will receive some education and training of some kind.[44] The questions that arise are how would basic education increase economic growth and how would the rural poor benefit from such an education? These questions will be discussed in chapter four.

SUMMARY

As discussed earlier, the proponents of BN argue that basic needs can only be achieved through "increased investment in the 'traditional' agricultural and informal sectors of the economy".[45] The World Bank emphasised rural development at the expense of the development of industry which is crucial in achieving desirable long-term changes in the structure of production. A properly conceived BN strategy should in general positively aid industrialisation in the LDCs; in the present state of the world economy such a strategy is likely to be essential for accelerated industrial development in many of them.

The BN approach accepts the world capitalist system as a given and attempts to work within the existing structures. It eliminates the development of industry and there is a logic behind it. There is a fear by countries in the Western industrialised world, such as the United States, that Third World industrialisation may pose a threat to the economic prosperity of the United States. There is

a deliberate attempt by the United States economic policies to ensure that Third World products cannot compete on equal terms on world markets. This might be a reason why there is an emphasis on rural development and not on the development of industry. BN can be achieved by developing industry and the Chinese model has demonstrated that it can be done.

China has been generally acknowledged to have most successfully pioneered the BN approach in its development policies.[46] China has combined rural development with the development of industries in order to transform the Chinese economy. Mao's slogan "Taking agriculture as the foundation, and industry as the leading sector" has proved an effective mechanism for supplying the minimum needs of the population, modernising the industrial sector and supporting a formidable defence establishment.

Although modern industry has been the leading sector in economic growth, and has claimed the larger share of investment resources, since the late 1950s agriculture has been regarded as the foundation without which industrial development cannot be sustained. After the land reform of the 1950s and the establishment of the people's communes, the Chinese came to realise that, in order to increase agricultural yields, it was necessary to provide modern inputs for agriculture and to continually increase the degree of mechanisation.[47] The most important factors in Chinese agricultural development since then have been a vast use of chemical fertilizers and rural electrification.[48] Industry has been under instructions to give top priority to the needs of agriculture. Consequently, there has been a phenomenal increase in the production

of industrial inputs to agrculture, for example, the number of tractors produced rose from 1500 in 1959, to 33,000 in 1965, to 73,000 in 1971 and 400,000 in 1978.[49]

Thus, the Chinese economic history over the last quarter century demonstrates that there need not be a contradiction between rapid industrialisation and meeting basic needs; the two in fact can be mutually reinforcing. However, the fundamental point remains that it is only feasible if there is a general acceptance of the aim of reducing income inequality and meeting the essential needs of the poorest sections as a priority concern.

The discussion has demonstrated that BN did not originate with the World Bank. It appeared as early as the 1950s in the works of development economists, like Arthur Lewis. Development thinking in the 1950s was influenced by modernisation theory. Basic needs in the 1950s, like modernisation theory, emphasised economic growth as the only way to eradicate poverty.[50] While in the 1950s, modernisation theory provided the theoretical rationale of basic needs, in the 1970s, the World Bank claimed to have departed from the modernisation paradigm. But has the World Bank departed from the modernisation model of development? The next chapter discusses the theoretical rationale of the new development strategy.

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43. Ibid.

44. CHENERY et al. Redistribution With Growth, 1974, pp. 45 and and 123.

45. ILO, op. cit., p. 68.

46. SINGH, op. cit., p. 588.

47. Ibid.

48. ECKSTEIN. China's Economic Revolution, Cambridge: CUP, 1977.

49. GURLEY. China's Economic and Maoist Strategy. New York: Monthly Review Press, 1976.

50. STREETEN et al. First Things First. Meeting Basic Human Needs in Developing Countries. Washington DC, Oxford Univeristy Press: World Bank Publication, 1981, p. 9.
According to Streeten, there are three justifications for the emphasis on growth as the principal performance test. One justification assumed that through market forces -- such as the rising demand for labor, higher productivity, higher wages, or lower prices -- economic growth would spread its benefits widely and speedily, and that these benefits could best be achieved through growth. Of course, even in the early days some skeptics said that growth is not necessarily of this kind. They maintained that in certain conditions (such as increasing returns, restrictions to entry, or unequal distribution of income and assets), growth gives those who already have; it tends to concentrate income and wealth. Alternatively, it was assumed that governments are democratic, or at any rate are concerned with the fate of the poor. Therefore, progressive taxation, social services, and other governemnt action would spread the benefits downward. The alleviation of poverty would not be automatic, but governemnts would take action to correct situations in which market forces concentrated benefits. The third justification, more hardheaded than the previous two, said that the fate of the poor should not be a concern in the early stages of development. It was thought necessary first to build up capital, infrastructure, and productive capacity of an economy sothat it could improve the lot of the poor later. For a time - and it could be quite a long period -- the poor would have to tighten their belt and the rich would receive most of the benefits. But if the rewards of the rich were used to provide incentives to innovate, to save, and to accumulate capital which could eventually be used to benefit the poor, the early poverty would turn out to have been justified. Some egalitarian (radical) philosophers such as John Rawls would sometime sanction

such a strategy. Inequalities, in their view, are justified if they are a necessary condition for improving the lot of the poor.

CHAPTER THREE

THEORETICAL RATIONALE OF BASIC NEEDS STRATEGY

INRODUCTION

In this chapter, the theoretical underpinnings of the study will be laid out in several sub-sections. Two alternative paradigms or worldviews for explaining "underdevelopment" and promoting "development" will be discussed and contrasted. The discussion of the "modernisation" paradigm and the review of the "critical" (Neo-Marxist) paradigm of underdevelopment will be helpful to understand the promotion of the basic needs strategy and its role in policy-fomation for developing countries. In other words, since the World Bank aimed at promulgating a "new" development strategy, it will be helpful to articulate what led to such a strategy, what is new about it and what is its rationale? Having addressed these kinds of questions, the discussion in the chapter will be concluded with a critical examination of how the official BN doctrine attempts both reformulate the nature and goals of development for Third World countries and identify policies fostering development thus conceived.

In the debate, or more properly, struggle over such questions of development theory-and-practice, two major world views can be discerned. The world view which, through the 1960's and till the early 1970's enjoyed mainstream or dominant status in academic and governmental "development" circles will be referred to as the modernisation paradigm. The opposing radical view of development, which has risen since the early 1970's to challenge the theoretical and ideological underpinnings of modernisation theory and official development strategies and policies based on it, is referred to as the

critical paradigm of development. In the following sub-sections, the themes of both paradigms will be summarised.

BASIC NEEDS AND THE MODERNISATION PARADIGM.

The concept of redistribution through growth and the basic needs approach are being presented by development theorists as "alternative" to modernisation approach to development which emphasised the "trickle down" effects of growth. Earlier emphasis on the growth of GNP as an indicator of development has shifted to an emphasis on ensuring that the fruits of development are more fairly distributed among all sectors of society, as it has become obvious that an overall growth in GNP in Third World countries has usually been accompanied by increasing unemployment, mass poverty, and by an intensification of inequalities in income distribution.

As pointed out by Stewart and Streeten, modernisation theorists were not unconcerned with the problem of poverty; rather they felt that either the high rate of growth would automatically improve the living standards of the poor or that governments could be counted on to undertake some redistributive measures.[1] In some cases it was felt that income distribution policies could be added later, after unhampered growth had raised the GNP to a satisfactory high level.[2]

Also assumed by modernisation theorists was the superiority of the Western model of development, i.e. the model of capitalist development, and thus of the value of the diffusion of Western technology and institutions to the less developed countries. In moderni-

sation theory are stressed the deficiencies in LDCs in terms of various institutional, social and cultural "preconditions" for economic growth such as capital availability, capital-mobilising institutions, infrastructure, receptivity to science and technology, human resource improvements (e.g. education, health) and an elite entrepreneurial class.[3] The transition from a "traditional" to "modern" economy entails therefore, the filling-up of those deficiencies, a process historically begun by DC colonialism and indubitably necessitating continued beneficience from DC's through aid and foreign investment. Modernisation theory emphasised the role of private investment in LDC's "development". In recent development theory literature, it has been the role of multinational corporations (MNC's) which has come under debate. While some might lament MNC abuses and/or support establishment of foreign investment codes, modernisation economists generally defend MNC's as contributing to global and LDC welfare by transferring "needed" capital, technology, managerial and technical skills to LDC's short on those factors, and by providing LDC's with outlets into world markets.[4] Thus, aid flows and World Bank loans were therefore directed towards capital-intensive industrialisation and the creation of infrastructure necessary for the pattern of development deemed suitable by the DC's and the ruling elites of the Third World.

Economic growth did indeed occur, but the becefits remained in the modern sector whose tightly closed fist allowed little of the surplus to trickle down into the hands of the poor. Redistributive policies not having been built into the system from the beginning,

the economic structures became self-perpetuating; the modern sector required a high flow of capital to function, and the ruling classes, who enjoyed the profits, naturally felt no desire to change such a system. Political and economic power, therefore maintained the existence of a certain pattern of production and thus, as Haq points out, of a certain pattern of consumption and distribution. "Once you have increased yout GNP by producing more luxury houses and cars, it is not very easy to convert them into low-cost housing or bus transport".[5] Redistribution must, in other words, precede or accompany growth; it is extremely difficult, of not possible, to tack it on as an afterthought without major changes in the system.

The modernization model of development has failed; little has trickled down besides increased poverty and misery. Development theorists who support basic needs and redistribution through growth, see these concepts as forming a new, perhaps even a revolutionary approach to development, an approach which does away with the outdated, obviously ineffective postulates of modernisation theory. Is this, however, really the case? Critics of these approaches point to them as being simply "elaborate rationalisations of the old strategy".[6] Bello claims that the World Bank has not really abandoned the trickle-down theory, and that Rural Development projects are based simply on a modified form of that strategy, in which the beneficiaries and the social consequences remain the same as under the older models of development.[7]

The BN approach, like modernisation theory before it, continues to rely heavily on the goodwill of Third World governments for its imple-

mentation. The ILO's prescription for a sympathetic administrative structure willing to devote itself to basic needs and to encourage the participation of the masses in solving development problems is sadly an unrealistic one for most Third World nations. It is the case because "the elite, against whom redistributive measures must be aimed, form the personnel who administer the measures; they capture the machine and render it ineffective".[8] There is no reason to suppose that governments which have in the past catered to the needs and desires of the elite ruling classes, repressing trade unions and other mass organisations and working to maintain the status quo, are now about to perform a sudden reversal in their policies. One of the major criticisms of modernisation theory is that it presumed a classless society and a benevolent state, when in fact the state is "an institution which reflects the underlying social forces and structures of production".[9] BN theorists who expect non-revolutionary governments to be willing and able to alter existing structures fall into the same trap.

BN theorists would argue, however, that the ruling classes can be persuaded that BN policies would work to their advantage as well as aiding the underprivileged sectors, and that development agencies such as the World Bank can play an important role through the targeting of loans and aid for BN projects. The elites will be much more receptive, it is felt, to a policy that does not have to be completely funded out of their own pockets. Some would claim that acceptance of the BN policy should in fact be a predondition of aid, a requirement which suggests that the DCs must perceive a vested interest for themselves in BN, and wish to continue their old policy of

of directing aid towards projects deemed essential for their own economic well-being.

Indeed the BN approach seems to have much in common with modernisation theory despite the protestations of its proponents who continue to assure us that a BN policy involves nothing less than a radical re-orientation of policies towards meeting the needs of the poor. They speak of the need for major structural reforms, and yet these reforms seem somehow to become vague and hazy upon closer investigation. Land reform is frequently mentioned but a major restructuring of the political and economic system is not. Like modernisation theory, BN approach accepts the world capitalist system as a given and attempts to work within the existing structures. Reform - yes, as long as it does not disturb the status quo.

The root causes of poverty are ignored in the implementation of BN just as they are by modernisation theory itself; "poverty is abstracted from the context of the unequal relationships of power that create and perpetuate it".[10] The rhetoric of BN theorists obscures this fact. In essence, two points of view can be distinguished. According to Bello, the majority of theorists, in the guise of a radical liberalism, advocate what amounts to only rather minor changes within the system; their writings are most appealing because they claim to go right to the heart of poverty. Village wells and latrines, technologies of woven bamboo, freshly-innoculated children teaching literacy to their parents -- these are the visions which are presented. It is not the vision which is at fault. It is the lack of historical perspective, the belief that the problem can

be solved within the embrance of the system which crested it. Or perhaps, it is to solve certain problems existing within the system itself. In the modernisation paradigmatic style, BN strategy is virtually silent on the historical First World-Third World relationships that lie at the roots of underdevelopment. BN has embodied the key themes of the modernisation paradigm: the First World society as the zenith of "development"; the causses of "political underdevelopment" rooted in internal deficiencies which have nothing to do with class hegemonies; and the beneficient role DCs can play in promoting "political development", through example and through aid, including increasingly counter-revolutionary intervention. Hence, the supporters of modernisation theory are also the supporters of BN and there is invariably no attempt by these modernisation intellectuals to confront the emergent literature embracing the critical paradigm, which provides an alternative to "modernisation" analysis.[11]

BN AND THE CRITICAL PARADIGM.

The critical paradigm offers an alternative explanation of underdevelopment and development.[12] The designation "critical" needs some elaboration here. The concept "critical" as used here has its root in Marxist theory; it was later developed and applied by revolutionaries like Lenin and Mao and in recent decades, "renovate" by "neo-Marxists". The label "critical" allows the inclusion of concepts like dependency, imperialism, (political economy), class structure, and the dynamics of capital accumulation within a global matrix and, in particular, the nature of the transformation of pre-capitalist

societies by colonial and neo-colonial capitalism. The "critical paradigm" encompasses the works of writers like Habermas, A. G. Frank, Ernest Mandel, Sweezy, Magdoff, Baran and others, and their writings are incommensurably opposed to modernisation perspectives on the Third World problems.

For salient themes can be discerned in the critical paradigm.[13] First, it is maintained that present political - economic and socio-cultural realities of underdevelopment cannot be adequately explained without taking into account the historical growth of capitalist realtions of production on a world scale, encompassing mercentilist and then colonialist imperialism. Secondly, the reproduction of these international capitalist relations of production in the "post-independence" era has perpetuated political-economic and socio-cultural dependency rather than ushered in autonomous development. The third theme is that the structure of dependency, of "imperialism without colonies" or of neo-colonialism, are sustained by unequal and exploitative class relationships within LDCs and international collaboration between ruling-classes of DCs and LDCs. Fourthly, to critical analysts, genuine development for LDC masses can only begin to occur with the replacement of modernisation policies and programs by revolutionary theory-and-practice which, in its most ideal expression, fosters humanistic, democratic, egalitarian modes of inter-national and intra-national economic porduction, distribution and exchange, political participation, and socio-cultural development.

The phenomena of dependency and "development of underdevelopment" which are central concepts in the critical paradigm have

emerged through the writings of Frank, Rodney, Amin, Wallerstein and others. They essentially share the notion that underdevelopment is rooted in DC economic hegemony. For even when new forms of capitalist expansion have stimulated some technological-industrial growth, it is of a "dependent" capitalist variety with serious anti-developmental consequences. The works of Frank and Cardoso on Latin America; Beckford and Girvan on the Carribean have shown through historical and political-economic analyses and yielded a model of metropolis - satellite linkages that relate metropolitan centres with satellites. Through these constellations of linkages, economic surplus is continuously appropriated from satellites to metropoles, thereby fostering and sustaining the "development of underdevelopment" of LDCs and the concomitant development of DCs.

Running parallel with the concept of dependency in the critical paradigm is the concept of imperialism, which refers to the political economic and socio-cultural penetration of DCs into LDCs that conjoins with internal societal dialectics to create the condition of dependency. Lenin (1916) in his classic study had identified imperialism as the "highest stage of capitalism", characterised by monopoly's decisive role, the merging of industrial and finance capital, predominance of capital export over goods export, sharing of the world market by competing in international capitalist monopolies, and completion of territorial division of the world among the biggest capitalist powers. Since Lenin's study, Marxist scholars have attempted to update or revise its statements in the light of further empirical evidence and changing conditions of world capitalism. One of the most persuasive contemporary discussions have

come from Magdoff.

Magdoff argues that in the "new imperialism" or "imperialism without colonies", the key motive force for DC capital-exports world-wide is the inherent imperative of monopoly capital to seek out, stake out, expand secure access to and maximally and strategically control markets and sources of raw materials to their ultimate, long-term, global advantage -- an imperative fostered by DC governments who seek to ensure as safe an international environment as possible for their industrial and financial MNCs. This is accomplished by maintaining historically established unequal systems of exchange and international division of labour through cooptation of LDC ruling classes, pre-empting internal radical social change, and political-economic influence via aid relations -- in other words, perpetuating "dependent" peripheries. In sum, dependency and imperialism are complementary concepts for understanding the internal and external causes, dialectics and consequences of underdevelopment.

In the light of the above discussion, any development strategy, within the critical paradigm must constitute a breaking away from the hegemony of imperialist and allied forces, and this can only occur through revolutionary means. The need for revolution by the oppressed masses before "development" can proceed is universally accepted by critical analysts, based on the assumption that the power-elites of world capitalism (LDC and DC) are not about to willingly and peacefully relinquish their power and privileges. Frank for instance, is unequivocal about the means: "for...the only way out of underdevelopment is armed revolution leading to socialist development".[15] The Dutch scholar, Wertheim concludes that in "many countries, there

is no outlook for true development except through a radical social revolution".[16]

According to the critical paradigm, development could only be launched after the revolutionary process is over. The critical analysts argue that the masses should be mobilised and mass-energies used for reconstruction. Chinese model of development since 1949 has adopted this 'mass-line' approach. The most basic lesson learnt from the Chinese model is doubtless the successful liberation mass-struggle that initiated a sharp break with dependency and imperialist linkages, and eliminated elite classes and monopolising production and distributuon of resources (e.g. radical agrarian reform; nationalisation of industry; expelling foreign exploitation). This thoroughgoing transformation of the Chinese class structure at liberation, together with popular mobilisation of mass energies and enthusiasm, allowed the process of autocentric development to begin and meet mass basic needs.[17]

The overall achievements of the Chinese development - strategy thus has been the ability to meet the most basic needs of its huge population. This achievement stands in sharp contrast against the record of say, underdeveloped India, where modernisation policies have produced indicators of economic growth, equity, provision of basic necessities, economic self-reliance, employment and literacy inferior to China's performance.[18] Indeed, in recent years, even modernisation elites including Perkins (1978), Barnett (1979) and Wortman (1975) have conceded the fact that China is successfully "meeting the basic needs of the great majority of its people".

Naturally given the modernisation paradigm's antipathy to capitalist - transcending paths, these mainstream experts can only cite China's achievements divorced from the prerequisite revolutionary process.

Turning now to the other most visible model of Third World development, the Cuban Revolution, it is seen that the basic principles of socialist development implemented once liberation was won share much common ground with the Chinese experience. Wide-ranging agrarian reforms which redistributed rural resources to poor peasants and abolished the rural bourgeoisie; nationalisation of U.S. owned properties and large enterprises; equitable mass access to social services (e.g. health, education) -- all these dependency-breaking policies laid the foundations for initiating mass-oriented development strategies in both industry and agriculture.[19] Though various factors (e.g. U.S. blockade, brain-drain) aborted the initial attempt at industrial-agricultural diversification and led back to reliance on agricultural specialisation (sugar, cattle). Inspite of Cuba's forced dependence on a few agricultural crops has not generated typical LDC underdevelopment. For in the Cuban socialist context, growth gains from increased productivity are equitably distributed to reduce rural-urban and rich-poor gaps inherited from two centuries of Spanish and then fifty years of U.S. imperialist domination.[20]

Thus, just as for the Chinese model, the critical paradigm has identified constructive lessons in such Cuban advances as eliminating illiteracy and reshaping education to serve development and build the socialist person[21] and providing equitable health care for the

masses. Such advances, like the Chinese achievements, demonstrate the profound possibilities for meeting at least the basic needs of all citizens once the imperialism - dependency complex has been broken, in contrast to the rhetoric-laden but impotent containment tactics of modernisation. At the same time, critical analysts are also frankly aware of problems in Cuba's transition to socialism, such as disparate resource allocation, over ambitious targets and adhoc planning [22], the issue of moral versus material incentives, potential elitism in educational tactics, and the complex issues of foreign policy, as in the Angolan struggle which also bears on China's international role.[23] Such awareness, however, is not the kind of simplistic citation that modernisation analysts employ to denigrate socialist development experiments. Rather it is a necessary contribution to the pool of revolutionary insights that could be of use to other liberation efforts.

Besides the Chinese and Cuban experiments, other LDCs which to date have sought to break away from the imperialism - dependency complex include North Vietnam, North Korea, and Mozambique. These countries have continually attempted to meet the basic needs of the masses with considerable success. In 1949, after winning the liberation, Mao had declared: "the Chinese people have stood". Certainly, as this section has sought to show, the modernisation paradigm is not aimed at helping oppressed LDC peoples to "stand up" and march forward in and for human dignity. Nothing less than a revolutionary-liberation strategy authentically based on the basic critical paradigmatic themes will suffice. But certainly too, long-run Third World development prospects cannot be divorced from the necessary

structural transformation of DCs, to yield societies created in the logic of developing human-beingness than of profit-selfishness.[24]

From the critical paradigm viewpoint, BN has no role to play in promoting an understanding of poverty and in planning for its eradication.[25] Griffin and Khan argue that it is not feasible to develop a comprehensive model of poverty, like BN, that would explain all the causative foctors and enable one to trace the results of all possible policies.

> "Our empirical work has demonstrated that poverty is associated with particular classes or groups in the community, e.g. landless agricultural labourers, village artisans, plantation workers, etc, Yet most theories and models such as BN are couched in terms of atomistic households in a classless society. This neo-classical assumption is closely associated with an assumption of universal harmony of interests...We do not believe it is possible to get very far in understanding the problems of the Third World until it is more sidely accepted that there are classes in a society and that the interests of various classes are in conflict. Posing the issue in this way forces one to examine the distribution of wealth (a variable neglected in the BN approach) and then to view the distribution of income as closely related to the underlying distribution of assets. A chain of association is thereby established between class structure, the ownership of wealth and the distribution of income".[26]

Posing as champions of the poor, the World Bank and most other bilateral and multilateral "development" agencies are in fact a major part of the problem of poverty in developing countries. The real purpose of their policies and projects is not the abolition of poverty of even the improvement of the lives of poor people, but the appropriation of their land and for production to serve the rich markets of North America, western Europe, Japan, and the elites of their own capital cities.[27]

Robert Mcnamara, the current president of the World Bank, has

given some very moving speeches about the devastating effect of poverty in limiting the development of human potential. But if we examine more closely the Bank's efforts to define poverty and identify the poor which it intends to 'aid', it becomes clear that its programs are not designed to reach the "poorest of the poor". In its projects the Bank has found it easiest to devise a way to assist the poor with "some tangible assets, however meager (a small farm, a cottage industry, or a small-scale commerical operation in the urban centers".[28] But the people who own tangible assets such as land are not the poorest of the poor; they are more likely to be hirers of labour themselves. The stress on tangible assets might even lead us to suspect that the Bank and its sponsors are more interested in the assets than in their owners, particularly when the assets are arable land.

Despite some efforts on the part of the Bank intellectuals to devise ways of reaching the very poor -- whose with no tangible assets -- they have found no satisfactory answers within their capitalist framework.[29] Only regular, decently paid employment can be a solution to the poverty of landless; and while the Bank has announced a few token employment - creating projects, it has more typically exerted its influence to keep wage levels low in order to encourage foreign investment and export enterprises. A good example is provided bu this passage from the Bank's country report on Papua New Guinea of July 14, 1976:

> "...continually increasing wages without increased labour productivity may hamper Papua New Guinea's agricultural export growth by reducing its competitive strength vis-a-vis other exporters of traditional agricultural products. The Government is however,

> becoming increasingly aware of this problem assured the mission that it will continue to advocate wage restraint in the interest of satisfactory growth of Papua New Guinea's agricultural exports.[30]

Similarly, the Bank's analysis of poverty is designed to obscure the real reasons for that heart-rending deprivation upon which it builds its humanitarian appeal.[31]

> "Throughout the developing world, the rural poor have neither shared adequately in their country's progress, nor have themselves been able to contribute significantly to it. Their destitution has in effect ruled them out of the entire development process".[32]

In the Bank's paradigm, people are poor not because they have been crowded off the best lands in their country or deprived of land altogether by rich elites and foreign agribusiness. Ignoring the historical, and in many cases quite recent, origins of inequality and poverty, McNamara's rhetoric assumes that the poor are poor because they have been "left behind" or "ignored" by their country's progress, when in fact most are poor because they are victims of that so-called progress. Despite McNamara's words, the poor have contributed (unwillingly) lands which they could be tilling if they had not been taken over by large, often foreign commercial farmers; and they are thereby condemned to contribute their labour, insofar as it is still needed, to those large farms. Their destitution has not "ruled them out" of the development process; the development process is responsible for their destitution.[33]

The Bank measures wealth and poverty by the standard of per capita cash income. Aside from nearly insuperable difficulties of measuring national income (let alone income distribution) in countries where a significant part of the population grows its

its own supplies and trades outside the cash economy, such a definition evades the most important questions which should be asked about relative and absolute poverty.

One of the most serious indictments of the World Bank, and the developed capitalist governments which support and control it, is that it consistently uses its considerable financial resources to block the forces of progressive changes, whether incrementalist attempts to improve wages and working conditions or to increase national control over an economy, or revolutionary change which challenges the survival of governments assisted by the Bank.[34] The advocates of foreign aid, such as the World Bank, insist that the presently underdeveloped nations cannot pull themselves out of poverty without a boost from "our" U.S. capital and "our" technology. It can be argued that, some capital and some technology are essential to improving the material conditions of peoples, but as Harry Magdoff has pointed out:

> "The trouble with these simple truths is that when they are abstracted from the concrete, historical circumstances in which they have to be applied, they end up as fetishes -- fetishes that tend to obscure the real issues".[35]

The real issue, Magdoff indicates, is who controls the capital and the technology that is exported to the poorer countries. Under present forms of foreign aid this control is embodied in relations of production that deny the benefits to the peoples of those countries, while the entire structure of aid and imperialism prevents these societies from controlling and utilising their own resources as capital and their own capacity for technological development.

The World Bank is an international lending agency. It offers credit to governments, including those of underdeveloped countries, for so-called development projects. It is the most powerful 'development agency' in the world, but it does not stand alone.[36] The Interamerican Development Bank and the Asian Development Bank operate along similar principles and are motivated by the same interests, and cooperate with the World Bank in Latin America and Asia.

The World Bank's foremost interest is to promote development strategies that will foster the private interprise system throughout the Third World. As a foremost representative of the world of finance and private business (including the two banks mentioned above), it is hostile to practically all other development strategies that are not promoted by the Bank. It is no secret that the projects which the Bank helps to finance are practically always designed to establish or 'firm up' private enterprises, either directly or indirectly -- indirectly, because assistance to private business is usually derived in large measure from public (infrastructure) works financed by the Bank.[37] Griffin and Khan in their study [38] show that majority of agricultural projects selected and supported by the Bank were oriented towards the large landowners. Meeting the basic needs of the poor was not even a priority concern of the Bank. For example, the highest priority was given to large irrigation projects. In agriculture, where the distribution of land is highly unequal and and the land tenure system adverse to small peasants, as in underdeveloped countries, irrigation projects mostly benefit the rich farmers. Moreover, the large irrigation

works are often constructed by large multinational corporations and bring enormous returns, e.g. to private consultant firms, the cement industry, the large machinery equipment dealers and foreign technical assistants. They are (foreign) capital-and technology-intensive, not labour intensive.[39]

SUMMARY.

The World Bank is partly responsible for the impoverishment of the Third World Bank is partly responsible for the impoverishment of the Third World poor. Therefore, it became practically impossible for it to further ignore the rapidly deteriorating conditions in the underdeveloped countries and to continue to give one-sided financial assistance to the local elites. It became a political necessity for the Bank to change its image as one of the world's major protagonists of the rich, because the social conflicts seemed to pose a serious threat to the stability of the underdeveloped countries. Unemployment and underemployment -- much of which resulted from the use of labour-replacing equipment[40] -- soared, and armed conflicts between workers and landowners resulted in many countries, e.g. Mexico, the Philippines and India.

The World Bank entered the field of action in favour of the rural poor armed with the BN strategy. As discussed earlier, McNamara's address in Nairobi in 1973, identified rural development and rural poverty, but only in terms of smallholders, ignoring entirely the hundreds of millions of landless. This is by no means an oversight.[41] Feder argues that the smallholders can contribute to the capitalist

economy much more than the landless, because in addition to their labour they also contribute their land, and with the fruits of their labour on the land they are able to buy inputs, i.e. enter the markets of agricultural input - producing firms, principally the multinational enterprises. The landless have no such contribution to make. BN, as conceived by McNamara omits the landless from potential benefits, and it is likely to deepen the worsening crisis that the poor are facing. By omitting the landless, it condemns them to certain hunger and starvation. BN as advocated by the World Bank seems to reflect the World Bank's desire to perpetuate the smallholding as a breeding ground of poverty and unemployment. It does not want to do away with rural poverty. Its goal is to sweeten poverty.

The next chapter examines how the World Bank has been promoting BN strategies of development, and what has been the outcome of one such strategy, i.e. nonformal education.

It will be argued that the World Bank endorsed nonformal education as part of its strategy for meeting the basic needs of the poor. Nonformal education became a major component of the new development strategy. The World Bank's education policy-makers perceived nonformal education as a'remedy' that can overcome poverty in the developing countries. They proposed a type of education, which they argue is low-cost and effective, and it has the possibility of increasing the productive capacity of the poor. But the World Bank's new development strategy, it will be argued, provide no basis for raising the living standard of the poor. Can nonformal education eradicate poverty in the developing countries? What prompted the World Bank's interest in

nonformal education and rural development? In chapter four these questions will be examined in greater depth.

FOOTNOTES

1. STEWART and STREETEN. "New Strategies for Development". Oxford Economic Papers, 3 , November, 1976, p. 390.

2. HAQ. The Poverty Curtain: Choices for the Third World, 1976, p. 33.

3. See the works of ROSTOW (1961); VINER (1953); LEWIS (1954); HIRSCHMAN (1958). Titles of books are listed in the bibliography.

4. TOH. Ph.D Dissertation "The Overseas Development Council". Edmonton: University of Alberta, 1980, p. 15.

5. HAQ, op. cit., p. 33.

6. FRIEDMANN. "Basic Needs, Agropolitan Development, and Planning from Below". World Development, 1979, p. 607.

7. BELLO et al. Development Debacle. The World Bank in the Philippines. 1982, p. 45.

8. STEWART and STREETEN, op. cit., p. 391.

9. TOH, op. cit., p. 273.

10. BELLO, op. cit., p. 204.

11. TOH, op. cit., p. 21.

12. This section draws heavily from TOH's study on critical paradigm. His study (1980) gives an elaborate analysis of the critical paradigm.

13. TOH, op. cit., p. 25.

14. MAGDOFF. The Age of Imperialism. Monthly Review Press, 1968.

15. FRANK. Capitalism and Underdevelopment in Latin America. Monthly Review Press, 1969, p. 318.

16. WERTHEIM. Evolution and Revolution. Baltimore, Md: Penguin, 1974, p. 326.

17. MAGDOFF. "China: Contrsats with the USSR". Monthly Review Vol. 27, no. 3, pp. 12-57.

18. WEISSKOPF. "China and India: Contrasting Experiences in Economic Development". American Economic Review, Vol. 65, no. 2, pp. 356-364.

19. GUTELMAN. "The socialisation of the means of production in Cuba". in BONACHEA and VALDES, 1972.

20. BARKIN. "The redistribution of consumption in China". in BARKIN and MANITZAS, 1973.

21. HUBERMAN and SWEEZY. Socialism in Cuba. Monthly Review Press, 1969, pp. 22.

22. Ibid., pp. 154.

23. NWAFOR. "The Liberation of Angola". Monthly Review, Vol. 27, no. 9, pp. 1-12.

24. TOH, op. cit., p. 43.

25. GRIFFIN and KHAN. "Poverty in the Third World: Ugly Facts and Fancy Models". World development, 1978, p. 303.

26. Ibid.

27. PAYER. "Is there a better way? Development and the World Bank". Monthly Review, Vol. 32, no. 6, 1980, p. 31.

28. HUQ. "Changing emphasis of the Bank's lending policies". Finance and Development, Vol. 15, no. 2, June 1978, p. 13.

29. PAYER, op. cit., p. 32.

30. World Bank Report on Papua New Guinea, July 14 1976, Annex 1, p. 4.

31. PAYER, op. cit., p. 32.

32. World Bank Press Release No. 75/34, Washington D.C.

33. PAYER, op. cit., p. 33.

34. PAYER. Monthly Review, Vol. 34, no. 4, Sept. 1982.

35. MAGDOFF. From the Colonial Age to the Present. Monthly Review Press, 1978, p. 223.

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CHAPTER FOUR

BASIC NEEDS AND NONFORMAL EDUCATION

INTRODUCTION

This chapter examines nonformal education as a means of meeting the needs of the poor. The discussion will focus on the World Bank's concerns for eradicating poverty in developing countries and its policies on education. In the light of these concerns, the World Bank developed 'new' policies which include the provision of a minimum education to the masses, which would be low-cost, functional and effective.[1] The concept of basic education is proposed by the World Bank as a more adequate approach to provide minimum learning opportunities to the poor. But a critical examination of basic education as advocated by the World Bank shows that it reduces neither poverty nor income inequality.

The following discussion addresses three broad themes, which tie in together to give an understanding of the relationship between basic needs and nonformal education. The first theme looks at the World Bank's 'poverty-oriented' development strategy. It spells out the main components of this strategy and examines McNamara's critique of the modernisation model of development. It looks at how the World Bank explains poverty and inequality in general. The second theme discusses basic education and nonformal education and demonstrates hoe such an educational policy evolved out of the new development strategy, which is being sponsored by the World Bank. The third theme is a critique of both the 'new' development strategy and nonformal education.

THE WORLD BANK AND ITS 'POVERTY-ORIENTED' DEVELOPMENT STRATEGY

In the last two decades the World Bank has been increasingly concerned with the questions of employment, environment, social equity, rural development and education. Since McNamara's speech in Kenya in 1973, the World Bank has been very vocal in its concern for the poor and with meeting the basic needs of the poor in developing countries. The growing realisation that equitable distribution of income is not an automatic corrolary of growth has turned the Bank's attention to development strategies which are directed to the sharing of the benefits of growth as well as to growth itself.

The World Bank's new development strategy proposes that fuller and more productive employment means a more equitable distribution of income to the extent that the main beneficiaries -- the unemployed and underemployed -- are usually found among the less privileged strata of society.[2] As the overwhelming majority of the poor are engaged either as independent producers or as labourers, the World Bank assumes that an important proportion of the new productivity will need to be stimulated in rural areas. Change in income patterns resulting from improvement of productivity would increase the demand for such goods as basic foodstuffs, clothing and low-cost housing, argue the Bank's policy-makers.

A major component of the 'poverty-oriented' development strategy is rural development that will incrase food production and agricultural productivity. Traditional growth theory is criticised for assuming that job creation occurs natutally as the "dynamic" manufacturing and service sectors expand:

> Agriculture has represented a kind of residual storage tank which the bulk of the labour force could find some sort of subsistence until sufficient economic development has occurred to cause a structural transformation, drawing most of the workers into urban based industrial and service sectors.[3]

This neglect of agriculture, argues Shaw, has meant stagnant rural employment opportunities in the face of rapid population growth. Coupled with capital-intensive urban industrialisation policies, this has fostered urban joblessness and mushrooming slums as rural-to-urban migration continues unabated. Thus rural modernisation must occur to provide more and better employment in the countryside.[4]

Another component of the new development strategy is the increased rural industrialisation made possible from the emphasis on increased agricultural production and productivity. According to the World Bank, a more dynamic agricultural sector will help market towns and small cities prosper, since the higher levels of required inputs (seeds, tools, fertilizers, credit) mean more local production/distribution jobs, increased yields mean more processing, transportation and marketing, and increased farm incomes would lead to increased demands for labour-intensive goods or services which could be locally produced.[5] One cited example of such rural industrialisation is in Pakistan's Punjab, which became a centre for manufacturing simple diesel engines for tube-wells and grain mills, employing 1000 workers in 100 small factories. Grant predicts that:

> creating the conditions of access for small entrepreneurs in market towns and small cities can also bring into the

national economy hundreds of farmers who are excluded from participating in development.[5]

Grant's concern for the participation of the rural poor in national development echoes McNamara's position according to which "the economic growth is not equitably reaching the poor. And the poor are not significantly contributing to growth".[6] McNamara's new development strategy is primarily concerned with the needs of the people, presumably the poor. Increasing emphasis is being placed on the need to improve the distribution of income and alleviate the worst forms of poverty in the LDCs. Agencies like the World Bank have come to advocate redistributive strategies. Yet relatively little has been written by the World Bank policy-makers about what policies might be adopted, about what problems are likely to be encountered during the transition from an inegalitarian to an egalitarian growth strategy, about the actual experience of countries or regions where attempts have been made to introduce radical structural change, or about the contradictions of urban and rural development.

A strategy of egalitarian development, of which the basic needs and the 'poverty-oirented' development approach may be seen as a variant, requires a major redistribution of income and wealth. It does not follow automatically from this, however, that the redistribution must be done rapidly and once-for-all rather than gradually and step-by-step.[7] Indeed in the poverty-oriented model of development of the Bank, no distinction is made between a once-for-all redistribution at the beginning of the period and a series of modest annual increments producing the same results in the

terminal year (see Table 2). Griffin argues that in the majority of poor countries a 'basic needs' or anti-poverty focussed strategy of development requires both major structural changes and their rapid implementation. Instead of proposing 'fancy models' of development as the World Bank does, discussion should shift to how rapid structural change in the Third World can be successfully implemented, i.e, how countries can effect the transition to egalitarian development.

The World Bank's 'rural-poverty' emphasis bears striking similarities to the modernisation ideology of the 1960s. As shown in chapter 2, the Green Revolution sponsored by modernisation agencies through the 1960s, eventually worsened mass impoverishment while enriching landed elites or richer peasants as well as MNC agribusiness, with a consequent sharpening of the rural class struggle.[8] Conceding such problems, World Bank President McNamara launched in 1973 the World Bank's new rural development strategy targeted at the rural poor. His plan was to help the some 100 million poor smallholders in LDCs increase output by providing them with simple production inputs like seeds, fertilizers, and pesticides; in other words, initiate a mini-Green Revolution among poor small landholders.

But as Feder[9] has cogently analysed, McNamara's scheme contains fatal deficiencies. Apart from ignoring the plight of the hundreds of millions of landless peasants and farm labourers, the scale of projected Bank expenditures on the program would take at least six decades to help the target population, which will have grown to 150

TABLE 2

An example of the required degree of income redistribution

	% share of the poorest 20% of households, 1970	Required % share of the poorest 20% of households, 2000
Africa (arid)	5.5	12.4
Africa (tropical)	4.9	16.5
Asia (medium and low income including China)	5.3	14.3
China	11.3	11.3
Latin America (low income)	4.3	11.9
Latin America (medium income)	4.5	9.7

Source: Keith Griffin and Jeffrey James 'The Transition To Egalitarian Development. Economic Policies for Strucutural Change in the Third World. 1981, p. 6.

million, and thereby worsened the land fragmentation problem unless radical collectivisation is undertaken. But more seriously, the Bank's criteria of repayable loans would tend to benefit first the larger-plot peasants, and set in motion capitalist expansion and competition edging out worse-off peasants, causing more landlessness and unemployment. Also, since the Bank and other agencies will continue to promote dependent agri-modernisation of the landed elite, the latter will comtinue to seek land concentration, including the now value-added (Bank-aided) smallholdings. Feder's searching analysis of the World Bank's new development strategy leads him to the inescapable conclusion:

> This is why the new World Bank poverty programme means the self-liquidation of the Third World peasantry. The only positive aspects of McNamara's plans....lie in the increased business for the multi-national (or national) feed, seed, fertilizer, irrigation equipment or other input-manufacturing and the merchandising firms.[10]

BASIC EDUCATION AND NONFORMAL EDUCATION

Education is recognised by the World Bank as a central element in development. As part of the new development strategy, education is seen as "economic as well as a social necessity".[11] An important implication of this new development strategy is the provision of education for the rural poor. According to the World Bank, education and training systems will be designed to enable the masses that have been unaffected by the growth of the modern sector to participate in the development process as more productive workers -- by being able to play their roles effectively as citizens, family members, leaders and members of groups involved in cooperative community action, and

in many other ways. "Emphasis on mass education, particularly in rural areas, will first require a better distribution of educational opportunities betweem geographical areas, between urban and rural regions, between the sexes".[12] The questions that arise from the World Bank's statements on education are: (1) what does its advocacy of education for the masses, particularly in rural areas really mean? (2) how are the World Bank's new policies on education different from those of the 1960s? This section addresses to such questions.

The idea that education "provides the knowledge and skills necessary for the performance of economic, social and other developmental roles" [13] is not new. Economists like Harbison and Myers argued that individuals with more education contribute more to development. They saw education as "the key that unlocks the door to modernisation -- a 'missing component' in a strategy for development".[14] Following Harbison and Myers, Theodore Shultz introduced this model of development into neo-classical economics in the 1960s, and it has had a revolutionary effect upon educational ideology, policies, curricula, pedagogy, and organisation structure of North America, Western Europe, and much of the Third World. Human Capital Theory as developed and formulated by Shultz,[15] posits that both the quality and quantity of human capital are dependent upon several factors, such as standard of health, availability and mobility of labour, on-the-job training and education. This kind of thinking is visible in the World Bank's policies on education which emphasised that "education systems must be better structured and extended....

to make them more relevant to the needs of the country....to provide skills and training to the masses sothat they can play a more significant role in the economic development...."[16]

Education, according to the Human Capital Theory, is the one factor of which individuals in modern industrialised capitalist countries have not acquired enough in order to maximize their productive skills (and hence their income); and it is one of the several factors of human capital which is grossly underdeveloped in much of the Third World. Human Capital Theory, therefore, shifted the traditional emphasis on physical capital accumulation to human capital formation for individual and national economic growth. The emphasis on the development of human capital (to generate a stream of income and greater productivity benefitting both the individuals themselves and society as a whole) gained popularity on a mass level during the early 1960s, as a panacea for many social ills -- including poverty and gross inequality -- and renewed faith in democracy.

The major educational consequences of the Human Capital Theory of development was a progressive shift in emphasis from primary to secondary and tertiary levels of education. This trend was further stimulated by the need for highly trained administrative staff as many former colonies moved towards independence. As a consequence, since 1960 secondary and higher education in the LDCs have been expanding more rapidly than their primary education. For example, between 1960 and 1970 primary school enrolment in the LDCs increased on the average at about 10.5% per annum, while secondary and tertiary level enrolment increased at more than double that rate -- at 23.2%

and 25.5% per annum respectively.[17] And this differential rate of growth in favour of secondary and tertiary level of education has continued through the 1970s. One consequence of this was that, while the percentage of illiteracy was falling, the absolute number of illiterates in the world due to population increase rose by 70 million between 1960 and 1975 to an estimated 800 million.

Another consequence of this rapid investment in educational expansion in the 1960s and 70s, was that educated manpower was being produced faster than the economies of these countries were able to absorb it in jobs and at rates of pay which graduates have traditionally expected. And what was most interesting was the fact that the unemplyment rates were rising during the period of relatively high economic growth rates in the 1950s and 1960s. By the 1970s, the combined unemployment and underemployment rates were estimated at 29% for all developing countries in Africa alone. As Todaro pointed out "Government over-investment in post primary educational facilities often turns out to be an investment in idle human resources".[18]

The World Bank's policy-makers, very conscious of the consequences of the Human Capital Theory, shifted their policies when educational policies premised on it failed to bring about the expected economic growth, employment increases, and prosperity it was supposed to bring. Evidence from the World Bank reports suggets a shift in its policies, but it is not a shift towards changing the character and ideology of education. It is hardly a radical shift because elements of the Human Capital Theory are still present in the World Bank's new development stretegy. The only change is the introduction of new concepts

such as rural development, basic and nonformal education. The central ideas of the Human Capital Theory are reflected in the World Bank's educational policies. The provision of basic education for the masses, teaching of skills for better job opportunities, reducing illiteracy and improving the quality of education are all embedded in the Human Capital Theory.

When educational policies based on the Human Capital Theory failed to deliver the goods, Third World governments were faced with a major crisis. A sustantial amount of their national budgets was poured into education (see Table 3) and what they were left with was a growing number of educated unemployed people. Economic growth and national prosperity were hardly visible. The World Bank entered the scene in the 1970s to 'rescue' the Third World with a new development strategy. This so-called new development strategy emphasises the meeting of the basic needs of the poor and not the expansion of formal education, which was under severe attack. The language of the new strategy appealed to the LDCs and it was well packaged by the World Bank for delivery. Part of this new package is the provision of basic education.

Alongside the basic needs approach, the World Bank initiated 'new' educational policies responding to the objectives of BN. According to the World Bank:

> The new educational policies are less a sharp break with the past than a shift in emphasis and a broadening of benefits and beneficiaries. In this sector (educational sector) of limited resources and unlimited demands, we will continue to ask the same questions, namely: who shall be educated? How? For what? At whose expense? And at what expense?[19]

Furthermore, adds the Bank:

TABLE 3

Public Expenditure on Education

Public Expenditure on Education as a Percentage of the Budget and GNP

Countries by per capita GNP	1960		1965		1970	
	Budget	GNP	Budget	GNP	Budget	GNP
I—Up to $120	6.7	1.8	9.6	2.3	13.2	2.9
(No. of countries)	(5)	(6)	(12)	(11)	(7)	(6)
II—$121-250	20.0	3.6	21.8	3.2	18.9	3.8
(No. of countries)	(3)	(10)	(14)	(17)	(7)	(7)
III—$251-750	15.3	2.3	14.6	2.9	13.5	3.0
(No. of countries)	(8)	(17)	(15)	(20)	(15)	(13)
IV—$751-1,500	6.1	2.1	8.3	2.2	10.1	3.1
(No. of countries)	(2)	(3)	(5)	(5)	(5)	(8)
V—Over $1,500	12.9	3.8	19.5	5.5	17.8	5.8
(No. of countries)	(4)	(14)	(14)	(14)	(10)	(12)

Public Education Expenditures Per Capita of Population/Pupil
(In U.S. dollars. Current prices)

Countries by per capita GNP	1960		1965		1970	
	Population	Pupil	Population	Pupil	Population	Pupil
I—Up to $120	1	16	2	21	2	18
II—$121-250	5	33	6	40	9	49
III—$251-750	7	43	9	58	10	57
IV—$751-1,500	17	114	29	164	34	179
V—Over $1,500	67	338	113	504	168	749

Source: Based on data compiled by Unesco.

Source: World Bank Education Working Sector Paper, Washington DC, World Bank, 1974, p. 72.

> These questions are related not only to the overall allocation of resources and their efficient use but, probably more importantly, to the redefinition of priorities within the education system, and to the consideration of alternative strategies to meet the educational needs within the limit of available resources.[20]

What are the redefined educational needs of the LDCs? According to the World Bank:

> Formation of skills are the educational needs of developing countries....Serious imbalances between the skills generated by education systems and actual needs of most developing countries....The failure of the systems to respond to countries' needs is accentuated by the fact that educational institutions have been borrowed from developed countries. In considering the policy alternatives which may be open to a particular country, it may be useful to describe briefly the principal conditions which affect educational needs: income differentials between urban and rural sectors; employment based on the amount of education and the level of credentials held; competition for wage employment leads to the demand for increased education; school enrollments increase faster than job opportunities; expansion of education is accompanied by rapid increases in public expenditures.[21]

Table 4 indicates public expenditure on education and the net change during the 1960-1970 decade.

The World Bank seeks to meet the educational needs of the poor in developing countries through what it calls "basic education". Basic education for the World Bank, means a step toward greater equity as it aims at a better distribution of educational opportunities to under-privileged groups. But this is not likely to better the situation, because a major assumption is that, for most developing countries, a substantial reorientation of national educational priorities is long overdue and such reorientation is likely to be fairly straightforward provided the proposed changes are effectively planned and executed.[22] Such a view, however, is based on an essentially

TABLE 4

Public Expenditure in Education per Student

Public Expenditure in Education per Student[1]
(U.S. dollars, current prices)

Countries grouped by per capita GNP	1960	1965	1970	Net change
I Up to $120	16	21	18	+ 13%
II $121-250	33	40	49	+ 49%
III $251-750	43	58	57	+ 33%
IV $751-1,500	114	165	179	+ 57%
V Over $1,500	338	504	749	+121%
Group V amount as a multiple of Group I	21	24	42	

Source: World Bank Education Sector Working Paper, Washington DC, World Bank, 1974, p. 20

technical view of the planning process which takes only a limited cognizance of the socio-political framework within which education is embedded.

The World Bank sees basic education, as an attempt to meet the needs of the poor, who do not have access to even minimum educational opportunities.[23] It seen as a supplement, not as a rival, to formal education system, and it is intended to provide a functional, flexible low-cost education for those whom the formal system cannot yet reach or has passed by. If this is so, no fundamental changes of the educational system are advocated by the World Bank, only an addition is being proposed.

The World Bank does not question the role of formal education. What it proposes is mass basic education for the poor who are further excluded from the formal system. Although the primary cycle may be its principal vehicule in many countries, the World Bank distinguishes mass basic education from conventional formal concept of "universal primary education" in three major areas:[24]

1. The objective and content of basic education are functionally defined in terms of "minimum learning needs" of especially identified groups, and not as steps in the educational hierarchy (i.e primary level). (It is not clear in the World Bank's definition what is exactly meant by "minimum learning needs").

2. The target groups of basic education are not essentially school-age children. They may vary according to the age (children, youths, adults) and socio-economic characteristics (rural-urban groups, women, participants in particular programs).

3. The 'delivery systems' of basic education will take different forms in different countries (restructured primary schools, nonformal programs or various combination of the two) adapted to the needs of different clienteles and to constraints upon resources. The cost will play a predominant role in the choice of educational technologies of basic education programs.

The World Bank sees these three areas inter-related in many ways.

Basic education formulated as a "minimum learning need" is essential according to the World Bank; people need education that gives them a base of knowledge, attitudes, values, and skills on which they can build in later life and equips them with the potential to learn, to respond to new opportunities, and to adjust to social and cultural changes.

The World Bank claims that basic education may be extended quickly and at a low cost by adopting a flexible approach to modes of delivery, in many instances whatever means of delivery are available and adopting them toward a unified system, by using the services of public servants, teachers outside the school, students, workers, village youth, retired persons and by mobilising community organisations.[25]

NONFORMAL EDUCATION: WHAT IS IT?

The use of nonformal educational methods to increase agricultural productivity, foster rural development, and improve the living standards of the rural poor is not new. Many private organisations, missionary and others, and governments of developing countries have for many years fostered programs to achieve these aims. But the programs of private organisations have generally been small in scope and often experimental in character. However, nonformal education became official World Bank policy after McNamara became its President. McNamara's new development strategy focussed directly on improving the income and quality of life of the rural poor, and the concept of nonformal education fitted quite appropriately within the BN approach.

Nonformal education received considerable recognition after Coombs and his colleagues conducted a study for the World Bank in 1971, which

was published in 1973. Coombs and his associates have been responsible for producing much of what is current in this field. In his book 'The World Education Crisis' (1968) Coombs developed the concept of a major 'shadow system', i.e "nonformal education sector" that exists in all countries. Coombs et al. defined nonformal education in two of their significant publications on this subject.[26] They defined nonformal education as any organised, systematic educational activity carried on outside the framework of the established formal system whether operating separately or as an important feature of some broader activity -- that is intended to serve the identifiable learning objectives.[27]

Coombs' works on nonformal education has greatly influenced the World Bank's policies on education, especially its programmes on rural development. As discussed earlier in this section, it was argued that formal education systems failed to deliver the goods and therefore, it became increasingly important to shift the emphasis to nonformal education legitimise the new development strategy. The new development strategy strongly emphasises rural development, just as Coombs' definition of nonformal education does. After Coombs and Ahmed published 'New Paths to Learning for Rural Children and Youth' in 1974, nonformal education became the World Bank's official policy.

When Coombs and his associates formulated the concept of nonformal education, they were aware that if nonformal education is to have an impact, it has to link up with a development strategy. The World Bank's basic needs strategy and Coombs formulation of nonformal education are more than coincidentally related; both appeared around

the same time and the kind of development strategy Coombs had in mind was one that would be concerned with the rural poor and that would raise the living standard of the rural poor. In 1974, the World Bank proposed a new development strategy that would primarily address itself to the problems of poverty and rural development in developing countries.[28] It was observed in Coombs' report for the World Bank (published in 1974) that much of the education in any society takes place outside the formal education structure. This observation was coupled with the hope that it would be possible to change the content of the "built-in" educational function in ways that would help promote change and development, as conceived by the World Bank. These perceptions were rather quietly accepted by the proponents of the World Bank's policy-makers.

NONFORMAL EDUCATION AND THE ERADICATION OF POVERTY

Coombs and his associates at the World Bank seem to believe that through a combination of technology, nonformal training, foreign aid, and national will, it is possible to provide everyone with a level of schooling sufficient to secure a job. (Here unemployment is prescriptively related to a lack of education). At the same time, this will reduce poverty and inequality. Through nonformal education programs, people will acquire skills that they can apply to their nation's development.[29] In Coombs' vision, nonformal education is the appropriate strategy for eradicating poverty and inequality in the LDCs. Let us examine this notion critically.

Coombs' answer to the problem of poverty and inequality is

very simple. As a policy-maker his solutions are prescriptive. Equality for Coombs is a political issue. A government may have to pursue greater income and educational equality to stay in power, but at a cost of slower increases in the national product. Therefore, equalisation should be undertaken only as a necessity to maintain political stability, not as central objective of development. In referring to the democratisation of school systems, for example, he argues that

> A selective (schooling) system for such a country (underdeveloped) is no easier to manage from a political standpoint, but its adoption can be justified on practical grounds: first, the country is not in an economic position to afford a more open system; second, by trying to adopt one, it may slow its economic growth and thus postpone the day when it can in fact afford one.[30]

Coombs believes that inequality and poverty are not caused by exploitation. He makes it clear that he believes in an international system in which rich and poor capitalist nations can deal with each other as equals, without expolitation.

> In closing, we stress one further feature of (development) strategy -- namely, international cooperation. We agree that every nation must be the master of its own educational destiny, and that it must largely support its own education system, however poor the nation may be. But on the grounds laid out earlier we assert that no nation -- given the crisis conditions affecting all -- can successfully go it alone. International educational cooperation on a vastly extended scale must, therefore, be a cardinal feature of our educational strategy for rich nations and poor nations alike.[31]

Along with Schumpeter,[32] he implies that imperialism by trading and investment is an impossibility; that the spread of capitalist institutions are anti-imperialistic. Not only do international relations in production lead to the highest possible rate of growth

in all countries, but higher levels of ethical behaviour are attained. The logical extension of Schumpeter's and, to some extent, Coombs' analysis, is that capitalism is a civilising force coming from countries (in the United States and Europe) which reject domination as a means of settling disputes and distributing economic and political power.[33] Coombs rejects the notion tha poverty and inequality in LDCs result from class domination and exploitation. Poverty, he argues, is caused by individual "failures", who did not make most of the educational system and these people, according to Coombs area threat to the political and social stability of society.

Coombs asserts that the so-called poor, who did not get much of an education should be "educated", because the only way out of poverty is to become better educated. He introduces the notion of 'nonformal' education, which is supplement to formal education. He argues that, through nonformal education programs, the poor will increase their occupational aspirations, and develop vocational and cognitive skills.

For Coombs and the World Bank, the problems of poverty and inequality in LDCs are not significant issues. It is reflected in their strategies of development. Although, the World Bank shows concern for the poor, its development strategy hardly calls for radical and institutional changes. Nonformal education, the way it is promoted by the World Bank cannot reduce inequality and poverty in the LDCs. If we look at it critically, we can conclude that it perpetuates inequality and poverty. This is the kind of

inescapable conclusion the discussion in the next section tends to lead to.

NONFORMAL EDUCATION: A CRITICAL ANALYSIS OF A DEVELOPMENT STRATEGY

The tremendous faith shared by most Third World educators and political leaders during the 1950s and 60s in formal education as a major instrument for social and economic development development of their countries has been considerably eroded. Many developing countries have realised that they cannot afford any further escalation of their expenditure on education and even the provision of such basic needs as primary education for all decided upon at the Karachi, Addis Ababa and Santiago UNESCO conferences, no longer seems economically feasible for most of them. These financial problems have been aggravated by the general rate of population increase in these countries. For instance, while overall illiteracy rates have fallen, the actual number of illiterates has increased by about 70 million between 1960 and 1975.[34]

Another expectation of formal education which is being frustrated is its role in creating a more "egalitarian society". There is some evidence that in many Third World countries, especially during the period immediately following self-government and independence, it was an important instrument for upward mobility, especially among children of lower income families. This was so because a relatively large number of nationals had to be educated quickly to take over senior positions previously filled by expatriates. However, present indications are that these opportunities are being considerably reduced. This is partly due to the fact that the job

market in the modern sector of these societies -- in which the educated are normally employed -- is not growing very quickly while the supply of educated individuals is increasing rapidly. Bearing in mind the known relationship between the socio-economic backgrounds of parents, and students' access to and academic performance in formal educational institutions, it is obvious that most of the new and better paying jobs will be filled by the children of those who were originally promoted into the higher level positions which became vacant when the expatriates left. Bacchus argues that the children of the poor in these countries are not excluded from such posts, but in a tight job-market situation it is the children of the parents with high socio-economic standing who are most likely to fill in these jobs -- a reversal of what happened in the immediate post-independence period. Recent studies have indicated that rather than being a general force for equality "the education systems of most developing nations act to increase rather than decrease their income inequalities".[35] How can we improve educational quality, reduce illiteracy, make education more relevant for the mass of the children and adults who want schooling, and improve economic and social opportunity by simply correcting these problems? Can we correct these problems within societies marked by sharp social class distinctions?

Carnoy uses two different analyses to answer these questions, and each comes to different conclusions.[36] The first argues that the problems of education are technical and financial, i.e, the principal difficulties in resolving educational quality and equal

educational opportunity are a function of sufficient resources, good management, and access to better educational techniques. Further, argues Carnoy, this analysis suggests that improved education and better educational management will lead to more equal income distribution, higher employment and more equal economic/social opportunity.[37] Third World educational planners are therefore moved to attempt to increase the efficiency of revenue allocation in education (better management techniques), to increase the quality and quantity of educational resources, to shift the distribution of educational expenditures or the disadvantaged (rural, marginal urban) groups in society, and to orient students to more employable careers. Their idea is to make education better and better distributed within the context of societies where social inequality and the organisation of work are unchanged. This is on the assumption that poverty, inequality and unemployment are the result of social and economic mismanagement or simply the lack of resources. Through educational expansion and improvement, the worst of a society's social and economic ills can be cured.

The second view contends that there are technical and financial problems in education but that a) a significant part of these difficulties stems directly from the development pattern being followed, and, b) even putting more resources in education and managing it better will not solve social and economic inequality nor unemployment -- these are attributes of the development pattern itself. Much of what we observe about the educational system and about the social

structure, argues Carnoy, is a product of the present organisation of production and the social class structure emanating from it, not the lack of financial resources or inefficiency per se. Thus, it is difficult or even impossible to discuss serious changes in the educational system -- the manner in which education expands; which levels are favoured for expansion; the nature of the curriculum, and the value attached to each level of schooling -- without discussing ways to change fundamentally the class structure of society and the dominant role played by certain groups to control the processes of production and the state apparatus. In this context, nonformal education cannot be viewed as more relevant to the needs of the poor, especially those in the rural areas. Nonformal education as promoted by the World Bank, holds the possibility of further institutionalising the dual education structure by fostering inexpensive practical manual training for the many and more conventinal classroom education for the few.[38]

Evidence of the dual educational structure is not lacking.[39] The disparities in expenditures between rural and urban schools or between elementary and secondary schools and universities (see Tables 5 and 6), bear witness to it: urban post primary schools receive a share of the educational budgets vastly in excess of their share of total enrollments.[40] So, too, does the evidence that according to the conventional economic analysis poor capitalist countries chronically "under-invest" in elementary schooling relative to other forms of schooling. This is done despite the fact that its (World Bank's) estimates of the social rate of return to primary schooling tends to be significantly higher than to

TABLES 5 and 6

Investment in Levels of Schooling

Table 5 *Resource inputs per student year at various levels of schooling: ratios of the direct social costs of secondary and higher education to the direct social costs of primary education*

Country	Educational Level	
	Secondary	Higher
Puerto Rico	1.5	11.6
Mexico	5.0	9.0
Venezuela	3.0	12.5
Colombia	2.7	17.9
Chile	1.5	8.0
Brazil	2.9	18.0
Israel	2.7	16.8
India	5.1	17.6
Malaysia	1.9	13.0
S. Korea	2.4	5.5
Nigeria	7.2	100.0
Ghana	6.2	118.7
Kenya	11.8	160.4
Uganda	14.5	117.6
Unweighted Average	4.9	44.8

Source: Computed from Psacharopoulos (1973), p. 179.

Table 6. *Relative 'under-investment' in primary schooling: average social profitability of various levels of schooling in poor and middle-income countries*

Level of schooling	Social internal rate of return (%)*	Social benefit/ cost ratio†
Primary	26	9.50
Secondary	17	2.37
Higher	13	2.00

*Calculated from Psacharopoulos (1973), p. 63. The countries in the sample are those in Table 1, plus Singapore, the Philippines, and Thailand.
†Hadley (1976). Calculated with a 10% discount rate. The sample to the same as above plus Zambia. The raw data for this series and that calculated by Psacharopoulos are similar, though not identical. The two authors adjusted the data in somewhat different ways, as well.

Source: Tables 5 and 6 are taken from Bowles's article "Capitalist Development and Education Structure". World Development, Vol. 6, 1978, p. 790.

higher education. India presents a typical and important example: despite serious unemployment, a low rate of return among college graduates and a high estimated social rate of return to primary schooling (20%), planned expansion of primary school enrollemnts has been consistently less than that of other levels; and target shortfalls have been relatively larger for primary than for other levels of schooling.[41] Equally inexplicable from the perspective of promoting either growth or equality are the allocational preferences of 'foreign aid' donors. Typical is the World Bank, which between 1963 and 1974 allocated roughly four times as much funding to higher education as to primary education. The World Bank's recent interest in primary education projects is almost entirely in the nonformal education category.[42]

The research results on nonformal education are not extensive, but those that have appeared indicate that graduates of nonformal education courses have a different structure of employment and income opportunities than those who take formal education.[43] Thus, although nonformal education's principal appeal is its low cost and the "relevance" on the job market, the basic research indicates that nonformal and formal education are interchangeable. In practice this means that extracting the skills component from formal schooling and teaching basic skills to both young people and adults may, indeed, provide them with skills at much lower cost than does formal schooling, but it does not get them access to jobs needing those skills. The flaw in the reasoning apparently comes from not accounting for the socialisation and selection

functions of formal schooling which are not included in nonformal education. Apparently, employers consider those with nonformal training less desirable (employable) than those with formal schooling. Furthermore, it should be recognised that nonformal education is generally aimed at workers with rather low levels of schooling, and hence tries to deal with the employment and productivity problems of workers who are largely in the low-paying, high unemployment, secondary labour markets. This is why researchers have indicated that nonformal education can be successful only if it is accompanied by a corresponding local program to employ directly the recipients of such training.[44]

It is argued that the present organisation of production in Third World capitalist economies, particularly the type of technology used in the "modern sector" and the type of goods being produced there, are intimately tied to a transnational development pattern, a pattern whose dynamic centre and focus is in the highly industrialised countries.[45] Transnational development is not only "out of control" of Third World nation-states (although its continued presence is clearly due to promotion and support by local dominant groups) it is a development pattern which favours the dominant groups (who support it) and inherently excludes the mass of the Third World populations, who are the victims of unemployment, underemployment, displacement, poverty and inequality.[46]

Dependent development crucially influences the educational system. Since the dynamic sectors use developed country technology -- a highly capital-intensive technology -- it requires few of the kinds of skills readily available or formable in the Third World country.

Rather, students are sent abroad to developed country universities or local institutions are called upon to produce graduates capable of running and extending transnational technology and culture. In both cases, the result is the same: the educational system, from primary school on, is organised to find (select) those pupils who show the attibutes and capabilities of reproducing the extending transnational development. Meanwhile, the skills and capabilities needed to innovate for mass culture and the production of mass material needs are depreciated. The production of knowledge is therefore oriented by the school system to the production of the knowledge as defined by the transnational technocracy.[47] Nonformal education and the kind of knowledge it produces is not of much use to the capitalist economy. The way nonformal education is conceived by the World Bank has very little possibility of improving the conditions of the poor in LDCs. In the type of development characteristics of dependent capitalist economies, the degree of improvement possible for nonformal education and for the employment and income distribution pattern is inherently limited by the social relations of dependent capitalist production. Economic growth can take place (even rapid economic growth) with such social relations, but we cannot expect that the mass of the people in the society will participate more than marginally in the fruits of that growth. Similarly, education can expand rapidly but the nature of that expansion will continue to leave the rural and the urban poor in a disadvantaged learning, social and economic situation.

Why then, is the World Bank promoting nonformal education? It is

generally ageed by the World Bank (and Coombs) that the educational systems in the Third World are "inefficient". (By making them more 'efficient' is by no means a reduction of inequality and poverty). But this could be interpreted in a different way. From the critical paradigm viewpiont one can argue that, on the one hand, the lack of schooling for the masses and the rapid development of high cost universities is not the result of lack of financial resources or poor planning, as the World Bank claims, but rather an educational system which corresponds to a certain kind of development process catering to the interests of local dominant groups and their transnational corporate allies. On the other hand, other more "traditional" dominant groups like the church or large landowners may resist the "modernisation" of the educational system because it fits in with a transnational development pattern which they believe to be against their interests. Moreover, urban workers and even peasants may press for the expansion of primary and secondary education beyond what the dominant classes want, because workers view schooling as the only way "up" for their children. An expanded, "low quality" schooling, like nonformal education programmes, for the poor is the dominant class's response to 'working class' demands for more schools or education.

The World Bank sees nonformal education only as a supplement to formal education. Such a system is likely to increase the already large income differences between the poor and the rich, who will in any case still be able to afford formal education for their children to ensure their continued access to the high paying jobs in society.[48] Further, such a step might have a negative effect on the productive

efforts of the masses for whom an important motivating influence for working hard is their desire to give their children a chance to escape the subsistence and sometimes below-subsistence life which they have to endure.

Nonformal education cannot be equated with formal education. There is no doubt that there will always be jobs in the high wage modern sector which require individuals with a formal educational background. This means that even if formal education is expanded some students will have to be given formal education which, since it will lead to the high income jobs, will no doubt be regarded as "first class" education while nonformal education will be just the "second best". Judging from available evidence it is the children of the rural poor who in this context will be given nonformal education and those from the middle and higher income groups who will receive formal education.

D. S. Ballatine, Director of the Education Division of the World Bank sees this issue of formal education for those seeking modern sector employment and nonformal education for those destined for jobs in the traditional sector as a false one since the choice in most LDCs is "not between the regular educational ladder (formal education) and the second best (nonformal education); the choice is often between the second best and nothing".[49] In this way he attempts to justify formal education for one group and nonformal education for another. What he fails to observe is that such a decision will further frustrate what is often the only glimmer of hope among the masses for an improvement in their life style. This is why they have been demanding -- at most times quietly demanding -- a better chance for their children

to qualify for the high paying jobs in the modern sector which will necessitate their receiving formal education. And for this very reason, nonformal education in the present context of the developing countries is not likely to be accepted by all groups, as an alternative to formal education. Furthermore, expansion of the former is not going to diminish the demand for the latter.[50] Nonformal education is not likely to succeed if its objective -- stated or unstated -- is to lower the occupational aspirations of the masses to a 'more realistic' level and make them satisfied with or resigned to allowing their children to earn their living in the low-wage traditional sector. Its only chance of acceptance is if it is offered concurrently with formal education which becomes increasingly open to their children.

To motivate the masses to accept nonformal education the income gaps between the modern and the traditional sector jobs must be reduced. This, as Bacchus maintains, is possible only by concentrating development in the traditional sector which to a large extent has been relatively neglected, and simultaneously reducing the rates at which the incomes have been increasing in the modern sector in relation to and at the expense of the traditional sector.[51] He suggests that if reward structure of society is radically changed to enable those in the traditional sector to earn a reasonable income as compared with those with formal education working in the modern sector, then it is likely to reduce, though not eliminate the demand for the type of formal education which is irrelevant to the development of life skills needed in the society. Bacchus's main argument is that "unless there is massive structural transformation in the reward system of the developing societies, nonformal education will not be

fully accepted by the general populace".[52]

Great income differentials is thus a handicap to an increased demand for nonformal education. Therefore, income differentials should be narrowed not only between the various levels of occupations. This can be pursued by stabilising (or reducing which is not easy) higher levels salaries. As Carnoy maintains, by the state intervention through price control and wage fixing on behalf of the middle class or the low income workers and peasants it is possible to effectively shift income from higher groups to lower groups.[53] What is therefore required, is a new income policy that will reduce income differentials.

However, such a strategy would undoubtedly face opposition from the interest groups in the modern sector where the cost of living is usually higher than the traditional sector, would oppose either stabilisation or reduction of income at the higher levels of jobs. This is due to the fact that majority of the upper class members pursue upper level positions in which social and economic benefits are higher. In the traditional sector, if the wages of the workers or farmers are increased, the traditional elites or the landlord class would lose their "profits" that they gain from cheap labour and hence they would oppose to a strategy of reducing income differentials or increasing lower levels incomes. Although nonformal education furnishes its clientele with beneficial skills and knowledge, it does not yet provide the same social and economic benefits like formal education, and therefore it may not be willingly accepted by the masses.

There is evidence from countries where experiments with nonformal

education programmes as dual system have achieved only limited acceptance by parents. Phillips cites the case of Madagascar, where four year basic education cycle was introduced in 1962, intended to cover 660 classes by 1970, providing education for 10% of primary school children. Their efforts were successful in covering only 100 classes, i.e, 1.8% of the pupils. The reason was that the rural masses considered this plan prejudicial, because it tied their children to peasantry while others enjoyed the privilege from regular primary schools.[54]

SUMMARY

In this chapter, it is shown that there is a clear difference between the function of an educational system as seen by developmentalists and its function as seen by critical theorists. Developmentalists, like Coombs, view schooling as a liberating process, in which the child is transformed from a traditional individual to a modern one. This transition is supposed to enable the child to be creative as well as functional. Through education the individual is supposed to contribute to the economy, polity and society. But according to the critical paradigm, the transformation that takes place in school cannot be liberating since a person is simply changed from one role in a dependent system to a different role. While the new role may be more economically rewarding, it still leaves the individual in a 'conditional situation', one which is dominated by the culture, technology, and goods of the dominant, developed countries. The so-called inefficiencies of the educational system as related to the social and economic structure are not

inefficiencies at all, but derivatives of dependent status.

Coombs' and the World Bank's suggestions of a systematic cost-effectiveness nonformal education strategy are not likely to solve the problems of unemployment, poverty and inequality in LDCs. These are primarily due to the nature of the capitalist world's social structure. Just as ability testing has been used to legitimise the class structure of industrialised capitalist societies by putting the onus on individuals for their failure to do well on such tests, so the efficiency criteria for school systems and labour markets are used to legitimise the international class structure by putting the onus on non-industrialised peoples for failing to manage their own institutions efficiently or to mobilise adequate resources for economic prosperity.[55]

If we accept the critical analysts viewpoint of underdevelopment and dependency, we understand that for the mass of people to emerge from their colonised passivity, their educational experience must be intimately related to a process of change which they themselves originate, consciously breaking the bonds of the social and educational structure which has oppressed them as long as they can remember. If the LDCs accept development strategies, such as those proposed by the World Bank, their oppression will be further perpetuated. If the educational systems in LDCs are suffering as the World Bank claims, developing countries must find their root causes in the problems of society itself. These societal problems stem not only from the relations internal to the nation, but extend to the relations among nations.

The discussion in the next chapter demonstrates how one developing country's (India) development was influenced and shaped by external forces. It discusses how development strategies are promoted and how institutions, such as the World Bank and IMF, 'forced' India to adopt a particular development strategy that is in congruence to the interests they represent.

FOOTNOTES

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CHAPTER FIVE

THE POLITICAL ECONOMY OF INDIA'S DEVELOPMENT SINCE 1947

INTRODUCTION

In this chapter the general approach will be that of political economy, and within that approach the concept of development will be discussed. Political economy, following Lenin, deals with "the social relations of men in production".[1] Lenin continues, "once these social relations have been ascertained and thoroughly analysed, the place in production of every class, and consequently, the share they get of the national consumption, are thereby defined". Within this approach, as argued by Byres and Nolan,[2] the concept of class is fundamental and it indicates more than merely differences in wealth or poverty. Rather, it is a 'structural' concept: it is conceived of in terms of the way in which society is structured with regard to social relations of men in production and divided into classes.

In discussing the political economy of India since 1947, a major concern in this chapter will be with the concepts of inequality and poverty, which derive from the structure of class. In order to understand these concepts, within the context of India, it is essential to understand the kind of development strategy India has been pursuing since Independence.

Much of the material in this chapter is abstracted from three main sources:

A. A. H. Hanson. The Process of Planning. A Study of India's Five-Year Plans (1950-1964). London: Oxford University Press, 1966.

B. T. J. Byres and P. Nolan. Patterns of Inequality. Inequality: India and China Compared. 1950-1970. Milton Keynes, Open University Press, 1976.

C. F. R. Frankel. India's Political Economy. 1947-1977. New Jersey: Princeton University Press, 1978.

The chapter contends that India's pattern of development since 1947, has failed to meet the basic needs of the poor and that, this failure has drastic consequences for Indian society. It seeks to explain why social ills such as poverty, extreme inequality and unemployment, which India set out to tackle since 1947, are all too visible in modern day India. It is argued in the following sections, that, against the backdrop of India's ability to meet the basic needs of the poor, becoming increasingly remote from 1962 onward, the World Bank succeeded in persuading the Indian government to make certain important changes in order to accomodate the Bank's new development strategy. Under the auspices of the World Bank, India quietly endorsed the Bank's new development strategy in order to meet the basic needs of its people. The ensuing changes in her development policy, it is argued, proved disastrous for India's economic development and her ability to eradicate poverty.

INDIA'S DEVELOPMENT STRATEGY SINCE 1947

India's mission after Independence was to restore and rebuild the villages, to root out illiteracy, poverty and to put an end to the problem of starvation. These social goals were not totally accepted by the ruling Congress Party. To reconcile these two opposing principles Nehru adopted a "democratic social transformation approach", which was attempted toward solving problems of production and distribution, an approach

that sought to combine goals of growth and reduction of disparities. Under Nehru's leadership, this approach to social transformation was as integral part of India's development strategy. It marked India's approach to national development from the earliest days of planning in the 1950's.

Following Independence, a split began to emerge between the Gandhian wing of Congress and the secular-minded, modernist intelligentsia.[3] Inevitably, at the same time as the Gandhian-socialist consensus grew, a split began to develop in the modernist ranks between the intelligentsia on the one hand, and the emerging business classes on the other; the first advocating industrial development in combination with socialist reform, the second, supporting capitalist techniques and showing little sympathy for egalitarian principles. Ultimately, this alignment among the major forces of the nationalist movement exercised a decisive influence on India's basic approach to development in the post-independent period.

During the Nehru years, the development strategy was a direct result of Gandhian-socialist collaboration. It therefore becomes important to understand the nature and content of the consensus that evolved.

The Gandhian-socialist consensus was predominantly value oriented.[4] There was much greater unanimity on the ethical criteria by which social policies should be adopted or discarded than on specific programs of action. First, there was general agreement that economic policies should aim for the progressive removal of inequalities in Indian society, and ultimately, result in the complete disappearance of class distinctions. Both groups agreed that as far as possible, institutional changes should be introduced to substitute cooperative principles of economic organisation

for the prevailing system based on private enterprise. Nehru was very much in favour of 'institutional reforms' approach. The Gandhians who were initially opposed to large scale industrialisation, ultimately accomodated industrial growth model in their principles, as long as, it did not destroy traditional values and patterns of social organisation. To the extent that the Gandhians accepted the need for basic industries, moreover, they agreed with the socialists that these should be developed primarily in the public, rather than in the private sector.

In spite of the consensus reached by the Gandhians and the socialists, Nehru faced severe opposition from the business sector and the rich propertied class. They opposed Nehru's 'institutional reforms' approach to development. They were asking for industrial and technological development.[5] Again, Nehru was prepared to compromise in the interest of unity. He subsequently wrote:

> All this was attempted in the context of democratic freedom and with a large measure of cooperation of some at least of the groups who were normally opposed to socialistic doctrine. The cooperation seemed to me worthwhile even if it involved toning down or weakening the plan in some respects... So long as a big step in the right direction was taken, I felt that the very dynamism involved in the process of change would facilitate further adaptation and progress. If conflict was inevitable, it had to be faced; but if it could be avoided or minimised that was an obvious gain.[6]

The first few years after independence was a period of adjustment, compromise and conflict. Before India could make a planned assault on her economic problems she had to go through the transition to full independence, the hell of partition, conflict with Pakistan, the process of making a constitution, integration of the princely states, and patching internal differences in the Congress Party. The period 1947-50, was one of 'experimentation'. Nehru was experimenting with his 'institutional approach'. The planning documents of that period

reflect Nehru's ideas of national development. These documents are analysed in detail both by Hanson and Frankel. The main arguments summarised below are derived from their respective analysis.

In 1947, Nehru defined his broad political, economic and social goals in the following terms:

> Our aim should be to evolve a political system which will combine efficiency of administration with individual liberty and an economic structure which will yield maximum production without the concentration of private monopolies and the concentration of wealth and which will create a proper balance between urban and rural economies. Such a social structure can provide an alternative to the acquisitive economy of private capitalism and regimentation of a totalitarian state.[7]

This was the first statement by Nehru on his approach to economic development. Subsequently, the development process was considered in broader terms than economic growth to include ideological preferences for the establishment of an egalitarian, decentralised, and cooperative pattern in agriculture and the rapid expansion of public ownership in the basic industrial sector. Nehru was committed to these objectives till the late 1950's, when his socialist goals came under attack.

The first important document which influenced subsequent thinking on economic development was the Second Report on Reconstruction and Planning (1945). Although it was a pre-Independence report, Hanson describes it as "bold and socialistic in character".[8] Among its aims was the removal of "the existing glaring anomaly of immense wealth side by side with abject poverty".[9] It also emphasised the provision of various amenities for the poor classes, for example, education, medical relief, water supply, and the extention of small-scale and cottage industries. It not only recognised the need for large-scale industries

but also envisaged ownership by the state of those 'new and necessary' enterprises 'for which private capital may not be forthcoming'.[10]

The Second Report on Reconstruction and Planning (1945) gave impetus to other reports and between 1944 and 1946, various pre-Independence publications appeared. For example the 'Kharegat' report on agricultural development, the 'Burns' report on the technological possibilities, the 'Gadgil' report on agricultural credit, the 'Saraiya' report on co-operation, the'Krishnamachari' report on agricultural prices, the 'Sargent' report on education, and a series of reports on public health, sickness insurance for industrial workers, irrigation projects, etc. The 'Burns' report, for instance, did not hesitate to recommend 'some type of collective organisation' for agriculture, and the 'Saraiya' report canvassed the possibilities of cooperative farming. Nehru's socialist principles were reflected in these reports, but as Hanson notes: "Nehru often displayed understandable timidity when confronted by the need for socio-political, as distinct from purely economic reforms.[11]

Dr. Ambirajan, an historian of Indian planning summarises Nehru's planning and economic policies from 1947 to 1950:

> It was no doubt piece-meal planning, it was bureaucracy-bred and red-tape governed, but all the same these plans and proposals were the first attempts at national planning at Govt. level, and even though they lacked correlation and the necessary statistical background, they certainly helped to create an atmosphere for planning along the right lines.[12]

Nehru himself admitted in 1950: "I am afraid that in spite of a good deal of talk about planning we have not done much... I am frank to confess that in the Central Government there has not been a careful attempt to seethe overall picture."[13]

The first few years after independence was, therefore, a disappointment to those who had hoped for a 'great leap forward' with the

achievement of independence. Some even came to the conclusion that the ruling Party's interest in planning had evaporated. One of the severest critics, Professor Gadgil, was of the opinion that it had 'failed'. He pointed out that there was strong opposition to planning. But Nehru's faith remained undimmed. If he had faltered, the National Planning Commission might never have been created. When all is said, the really surprising thing is not that the advent of the Planning Commission was delayed but it came as early as 1950.[14] What emerges from this early period of independence, is the decisive role played by Nehru. It is argued by Hanson and Frankel that, it was he who converted Congress to the idea of planning for national development, and he who continued to insist on its importance at times when other, superficially more immediate, questions were tending to push it into the background. Without the drive that he imparted to the development of India, it would have faltered even more seriously than it actually did, and without his inspiration its long-term objectives might have completely disappeared from view. Against this background, let us now examine India's development in the first period after independence, that from 1950 until the early 1960's.

The period from 1950 to 1964 is very important in Indian planning and development. Various planning resolutions were passed. The goals of social transformation became a political issue. Nehru's gradual social transformation approach was reflected in the First and Second Five-Year Plans. The approach amounted to an indirect attack on the normative and institutional foundations of traditional, social, economic and political hierarchies. Under Nehru's leadership, the constitution, the parliament, the ruling Congress Party, and the Planning Commission

all formally endorsed egalitarian, secular, and socialist goals of national policy that established a consensus at the level of principle on the aim of constructing a "socialistic pattern of society".

In the First Five-Year Plan (1951-56), there are a number of scattered remarks about social justice, the elimination of poverty and redistribution of wealth. It was argued that equality is " indispensable for the survival of democracy, and a carefully worked out policy for reduction of disparities in income and wealth is the sine qua non of planning".[15] What was to become a ritual genuflection in subsequent plan documents is made: "the operation of the economic system should not result in the concentration of wealth and economic power in the hands of a few".[16] But a word of caution is entered: "whatever measures, fiscal or other, might be adopted for promoting economic equality might only end up in dislocating production and even jeopardising the prospects of ordered growth".[17] In fact, as Byres and Nolan argue, there are no specific redistributive undertakings in the First Five-Year Plan.

But the First Five-Year Plan laid down a new approach to agricultural development. It incorporated proposals from the Report of the Congress Agrarian Reforms Committee (1949). The core of the approach was the recommendation for a Community Development Program. It was designed to stimulate popular pressures for social reform below that would ultimately make institutional change inevitable. The Community Development Program (CDP) was essentially conceived solely as programs of intensive agricultural development. But there was also a plan in the CDP to establish cooperative 'panchayat' institutions that aimed at reconstructing the whole village as the primary unit of economic and political action. At the level of ideology, the proposal to use cooperatives as the major instrument of

rural economic development appealed to socialist and Gandhian planners alike as desirable in itself for reversing the trend toward individualism and class division. Nehru hoped that cooperatives would revive and strengthen community values and interests, and restore the corporate character of village life. The CDP's became the "focal centres" of the agricultural strategy in the First Plan. As we shall see, in subsequent plans, Nehru's vision of the CDP would be dramatically altered.

The Second Five-Year Plan (1956-61) was formulated and drawn by Professor Mahalanobis, who became Nehru's economic adviser. The most important feature of this period, was the development of a distinctive Indian development ideology, to which the Avadi meeting (1953) of the National Congress gave expression in its resolution on the "socialistic pattern of society". Few of the political elite were socialists in any meaningful sense of the word, but Nehru had by this time achieved that degree of eminence where his own public approval of socialism virtually became an act of policy. At the third meeting of the National Development Council in November 1954, in a lengthy speech about his development strategy, Nehru said:

> The picture I have in mind is definitely and absolutely a socialistic pattern of society. I am not using the word in a dogmatic sense at all, but in the sense of meaning largely that the means of production should be socially-owned and controlled for the benefit of society as a whole. There is plenty of room for private enterprise there, providing the main aim is kept clear. 18

In December 1954, the Lok Sabha (National Parliament) rather casually undertook a commitment to a "socialistic pattern" of development. This caused considerable anxiety among the Indian bourgeoisie. Nehru was put under pressure and he made some adjustments to his social transformation approach in order to accomodate the Indian bourgeoisie. These changes appeared in the Second Plan.

The Indian bourgeoisie became firmly entrenched in the Congress Party and it was relatively quiet about Nehru's economic policies in the first few years after independence. During the latter part of 1954 and 1955, when Nehru was engaged in pushing his "socialistic goals", the Indian bourgeoisie expressed concern. It reacted strongly against India's first 'socialist budget' of 1955, which "imposed fiscal reforms against the business classes, taxation on luxury goods, increased income tax and increased resources for investment in the public sector as opposed to the private sector".[19] Nehru felt the pressure put on him by the Indian bourgeoisie. He compromised and made some adjustments in its favour.

Although the main emphasis in the Second Five-Year Plan was put upon the expansion of the public sector and heavy industry, it created opportunities to accomodate the Indian bourgeoisie. The new Industrial Policy Resolution (1956) created by the Second Plan emphasised a 'tripartite' system of industrial development. Under the 'tripartite' system, industries were classified under three main headings: those which were to be the sole concern of the state (e.g. arms and ammunitions, railways, etc.); those in which the state would be responsible for new undertakings and the already existing undertakings would continue unhampered for ten years (e.g. iron and steel, oil, aircraft, shipping, etc.); and those in which private enterprise would be in sole possession (e.g. all comsumer good industries). Under the Second Plan, the share of the public sector in total industrial investment grew from 24% to 59%.[20] But the public sector did not extend into agricultural production, which remained in private ownership. As just stated above, a key feature of the Second Plan was that all consumer goods industries were to remain privately owned.

The entry of the Indian bourgeoisie in the agricultural sector and in the comsumer goods industries has important effects. Since India is a largely agrarian economy and since what happens in agriculture is of crucial importance to others (for example, the industrial growth rate depends upon the flow of an agricultural surplus and industry's terms of trade with agriculture) this is a significant qualification. It reinforces unequal distribution to the extent that large profits are made, and diverting real resources (e.g. steel, cement) away from 'essential' activities to activities which are non-essential, in the sense that they do not contribute to the economy's productive capacity (luxury goods, cars, etc.). The private sector, in fact, "has grown phenomenally over the entire planning period".[21] After the Second Plan, the private sector has been allowed to move increasingly into areas supposedly reserved for the public sector. These include certain industries which were named in the Second Industrial Policy Resolution (1951) as the exclusive preserve of the state (among them arms, heavy plant and machinery). By the time we reach the Third Five-Year Plan, the Indian bourgeoisie was beginning to exert its influence in economic development.

Essentially, the Third Five-Year Plan (1961-66) was to be a continuation and intensification of the Second. The balance of investment would not be substantially different -- 30% of the aggregate being accounted for by industry. "Heavy industry could not be interrupted or reversed".[22] It should be noted that agriculture was further neglected by the Third Plan and this gave the landed classes a good opportunity to penetrate in the agricultural sector.

As far as inequalities and distribution of income were concerned

the Plan stated:

> The common man has to be given a feeling that extreme disparities of income are being gradually eliminated and something visible is happening in his neighbourhood and there is a reasonable promise of his own standard of living and employment opportunities improving during the next decade or so although immediately he is being called upon to bear some strain.[23]

According to Sen, the maximisation of growth and the reduction of inequalities were the opposite objectives of the Third Plan.[24]

When the Third Plan was presented to the Cabinet in March 1960, it was full of promise. It was approved with the following propositions:

a) a five per cent per annum increase in the national income;
b) self-sufficiency in food grains and increased agricultural production to meet the needs of industry and of the export market;
c) the development of basic industries in such a way that India could meet her needs from her resources, within a period of ten years, the further requirements for industrialisation;
d) a reduction of inequalities and a more equal distribution of economic power.

The most significant feature of this list is the degree of priority given to agriculture. It showed a real concern for increased production of food grains. While the Plan was still in preparatory stage, the country was in the midst of a food crisis. Although the new Minister of Food and Agriculture, S. K. Patil, insisted that the situation was 'not alarming', the Ford Foundation's inquiry had shown how very critical it had become. Under the Ford Foundation's recommendations, the World Bank indicated that India would need a substantial amount of foreign aid for her Third Plan. The World Bank suggested that most of the aid would be coordinated by the donor agencies.[25] This marked the World Bank's entry in Indian development, and as we shall see, it made a great impact on the Fourth Five-Year Plan.

By the late 1950's and early 60's, Nehru was facing bitter opposition from both inside and outside his party. The opposition he faced from his

own party, marked a new development in the Congress Party. In the 1940's and the early 50's, Congress Party was seen as a party for the masses. But after Independence, a strong class element began to emerge in the Congress Party. The Indian bourgeoisie entrenched in the Congress Party saw Nehru's socialist goals as a threat, and, therefore, it opposed the economic policies pursued by Nehru. Nehru was blamed for the food crisis because his socialist policies prevented the landed classes to operate freely in the agricultural sector. The CDP's was described by his opponents in the Congress Party as "communist communes". In fact, Nehru himself was accused as being a communist.

Outside his party, the right-wing Swatantra Party, under the leadership of N. G. Ranga and Minoo Masani appeared implacably hostile to Nehru's planning policies and the Planning Commission in general. In the Lok Sabha's four-day debate (1960), the Swatantra Party denounced Nehru's plans as "unrealistic, misleading, and imprudent". The right-wing element in the Congress Party supported the Swatantra Party's bitter attack on the Third Plan. They wanted Nehru to abandon his socialist policies and the Indian bourgeoisie proposed that he amends the Third Plan in favour of an 'entrepreneurial approach' to development. This approach demanded increased resources for private investment, a free enterprising market and an end to the Planning Commission.[26] This approach gained prominence in the Fourth Five-Year Plan.

In Hanson's views, the implementation of the Third Plan made Nehru's position worse. It was confronted with the need for a 'reappraisal' more fundamental than any hitherto attempted. Despite the formidable amount of intelligence and experience of which the Planning Commission disposes, Indian planning seems to have got in a rut. Under the first three

five-year plans, Nehru tried the stratetgy of peaceful social transformation. In the 1950's, it was becoming increasingly clear that this strategy was not widely accepted. By the time we come to the Fourth Plan (1966) the social transformation approach was relegated. The stated commitment to equality has become a perfunctory exercise, accompanied in the first version of the Fourth Plan by the forlorn admission that "another area where so far our effort has been feeble and halting is narrowing the disparities in income and property relations".[27] It was becoming difficult for Nehru to maintain the conciliatory style of the national and state Congress Party organisations that claimed to represent the interests of all groups, including the propertied classes, and at the same time to build up popular pressure from below for social reforms.[28]

The limitations of political accomodation as an integrative device, given an economy of scarcity and weak national commitments, took on a tangible form by the early 1960's. Even though the multiplicity of factional and parochial groupings ensured that none had a clear majority, expectations that the largest groups would compromise to win power did not always prove correct. On the contrary, growing demands on static resources led to bitter internal disputes inside the Congress Party. Factional alliances frequently broke down. There were constant rivalries for control over the party machinery. Maintaining party cohesion became an impossibility. This was not the only sign of poilitical decay.[29] At the same time as attempts to service growing demands from static resources strained the stability of the one-party dominant political system, standards of honest and efficient administration precipitously

declined.[30] As corruption became institutionalised into a distributive device, those who could not afford to pay found themselves at the bottom of the list in the allocation of access to "public" goods and services.

By the early 1960's, therefore, social goals of reducing disparities and economic aims of rapid industrialisation were both sacrificed, even while the achievement of political consensus began to be imperiled by economic failures and visible signs of growing corruption. The very fact that Congress promises of rapid economic growth and reduction of disparities failed to materialise was sucessfully used by all opposition groups, radical and conservative, regional and communal, to denigrate the policies for democratic socialist reform embodied in the Five Year Plans. The leadership's resolve to maintain the tactical separation between techniques of "social" and "political" transformation was further tested by the conservative opposition's direct attack on the principle of planning and the Planning Commission itself. The assault, which also challenged Nehru's preeminent authority in determining principles of national policy, appeared finally to persuade him to reconsider the role of the Congress Party in the process of social change.

Nehru was quite resolved to keep "social" and "political" transformation as separate entities. His 'institutional approach' to social transformation was committed to bringing change gradually, through a process of gradual transformation by using democratic means. Frankel argues that, Nehru's institutional approach lacked political vigour. For example, the CDP was aimed for carrying a "nonpolitical" organisational approach to social reform. It avoided potential class conflict

in the villages. It was assumed that all classes could agree on the desirability of improving the general standard of life. The village community was seen as a cohesive unit. The lack of political will by the peasants to organise themselves into political groups, was manipulated by the dominant landed classes. The CDP, instead of reducing disparities in the villages increased the economic power of the landed classes.

Nehru's strategy of development received a further set back by the emerging right-wing parties, such as the Swatantra and the Jan Sangh.[31] Through the manipulation of traditional ideals, such as the revival of the ideals of Hindu culture (Bharatiya Sanskrit) they were able to attract sufficient mass support to challenge Congress dominance. The rationale for the Congress Party's role as an instrument of national consensus was significantly weakened. The "nonpolitical" approach to social and economic reform through institutional changes aimed at improving the position of the poor peasantry relative to larger landowners, launched under the cover of the CDP, was recognised to have failed. The right-wing parties, seized this opportunity to launch their own alternative proposals for development based on the "entrepreneurial", which was directed towards the expansion of private enterprise. According to the Swatantra Party:

> ... the Government should leave the development of large-scale industries largely to private enterprise. Private enterprise which put up the great Tata Steel Factory and the textile and cement factories can be trusted to starting large-scale industries in steel and machine tools and heavy machines, according to the needs of the country. The Swatantra Party feels that the Government must keep out of business and industry... The Swatantra Plan will help private enterprise, giving facilities and aids in regards to the securing of capital from inside and outside the country, raw materials, technical equipment, by the abolition of the system of permits, licenses, quotas.[32]

Nehru's political prestige was at stake when Congress lost various by-elections in 1962 at the hands of the Swatantra and Jan Sangh coalitions. His popularity and prestige came to a low point when in August 1963, for the first time since he assumed office, Nehru found himself the target of a no-confidence motion introduced in the Lok Sabha. The theme of the debate, amplified by members of the conservative opposition, was Nehru's brand of socialism that failed to achieve the primary goal of improving the well-being of the overwhelming majority of the population. Nehru realised that his vision of setting India's course permanently on the path of planned development under the principles of institutional changes, was eroded. He tried to revise his entire development approach, but by then his health was failing and on May 27, 1964, Nehru passed away at his official residence in New Delhi.

Nehru was succeeded by Lal Bahadur Shastri. During the brief twenty months of Shastri's tenure, a series of initiatives in economic policy altered the entire approach of India's development strategy.[33] In less than two years, the key pillars of Nehru's strategy of self-reliant growth and social transformation through expansion of basic and heavy industries in the public sector, and land reforms and cooperative organisation in agriculture, were virtually overturned. The Shastri interregnum saw the beginnings of the sharp contradiction between pledges of economic and social reform endorsed by the national party leadership and policies of active encouragement to private investment both in industry and agriculture pursued by Congress governments. Shastri was, on the face of it, an unlikely person to have initiated such a major policy reversal. In fact, he lacked any formal economic training or even practical experience in planning. Confronted by authoritative explanations of economic

difficulties that emphasised defective Plan methods rather than poor implementation, his tendency was to accept expert opinion. Shastri was himself insecure inside his own party.[34]

The business community successfully manipulated Shastri's position in the Congress Party, to seek economic favours. It claimed that India could find sufficient resources for development only through an expanded role for domestic private enterprise in collaboration with foreign private investment. Shastri therefore, drastically reduced the power of the Planning Commission. He relied more on the advice of independent 'officials' and he even refused to acknowledge the advice of the Planning Commission. His political office became more accessible to 'independent advisors'.

By January 1965, a whole series of negotiations to attract foreign capital was in progress. The most dramatic sign of change in political orientation came when India hosted the annual meeting of the International Chambers Of Commerce in New Delhi -- which brought more than 1,000 representatives of international business corporations to India -- and the inaugural session was attended by the prime minister. In 1965, a special World Bank Mission arrived in India to conduct a six-month study of economic policy under the Third Plan.[35]

World Bank experts had been arguing since 1958 that India's development strategy was unrealistic and over - ambitious. It noted that the goals of development should be assigned to Indian private enterprise and foreign private capital in industrial development. They also endorsed the United States' point of view that agriculture should receive priority in the allocation of investment resources, and that incentives to farmers for the allocation of modern inputs, especially fertilizers, in the irrigated

areas of the country, represented the optimal production strategy. The Green Revolution was about to be born in India.

The World Bank Mission attacked the Planning Commission for allowing political objectives of institutional change to determine the development approach.[36] It questioned the practicability of village-based agricultural programs and the efficiency of the CDP's for rural transformation. The Bank's experts argues Frankel, did not believe that cooperation ought to be pursued for its own sake. Rather, if some other method were more efficient in raising agricultural productivity, then that method should be adopted. The Economic Mission laid special stress on the need for pragmatism in the formulation of development policy. If the objective was to achieve accelerated economic growth, and if "non-cooperative" institutions could contribute to this end more effectively by providing facilities in credit, in marketing, provision of inputs and farming, then these institutions ought to be used. In particular, from this point of view, it would be much more efficient to focus on the individual farmer rather than the village as the decision - making focus of agricultural policy. Indeed, the Mission's experts argued that within the existing constraints of technical knowledge, land tenure and farm size, it was possible to achieve substantial increases in agricultural production by providing price and cost incentives to individual farmers for higher private investment on modern inputs. The major components of this new 'capitalist - entrepreneurial approach' to development urged on the Indian government were a reorientation of the overall investment priorities toward agriculture, based on private ownership of land and other resources; incentive prices at levels high enough to guarantee profitability to individual farmers using the most advanced

techniques, and the concentration of modern inputs, especially pure seeds, pesticides, power, implements, and above all, fertilizers, in areas with assured water from irrigation.

The implication of the new policies for the social goals of Indian planning were clearly spelled out.[37] The World Bank's experts had little illusion that their recommendations for achieving rapid agricultural growth were reconcilable, at least in the short term, with the aim of reducing disparities. Apart from the obvious consequences of aggravating inequalities between irrigated and rain-fed areas, there was also the recognition that initial adoption trials with fertilizer were made for the most part by owner - cultivators with larger size holdings of 8 to 25 acres. Only such farmers, by virtue of their superior economic standing, education, and social status at the top of the village hierarchy could afford to take the economic and social risks of innovation.

In the case of the improved practices recommended by the World Bank Mission, the economic assets of the individual farmer became a primary consideration for an additional reason.[38] Major irrigation schemes, constructed to provide drought protection over maximum areas, generally could not supply the higher water levels per acre necessary for the most efficient use of modern inputs, especially chemical fertilizer. On the whole, the new technology required supplementary water from a tubewell. Accordingly, the Mission leaned toward the view that in many areas the best result would come from encouraging private investment in tubewells, where the nature of the water resources permitted this.

The World Bank Mission acknowledged that the new agricultural policy was competitive with a program of industrial expansion in the public sector, requiring not only a much larger share of domestic investment, but

foreign exchange for the import of modern inputs, especially chemical fertilizer. It therefore combined its recommendations on agriculture with renewed emphasis on the necessity of greater efforts by governments to attract higher levels of domestic and foreign private investment in industry. The package of policies recommended included proposals for the relaxation of controls on industrial licensing; and an import liberalisation program to stimulate investment in priority industries. As part of the strategy for strengthening price incentives in the promotion of export-oriented industries, moreover, the Mission made its first recommendation for the devaluation of the rupee. Attributing India's chronic trade imbalance to an overvalued exchange rate that reduced the competitiveness of exports in foreign markets, the Mission argued that devaluation, supported by relaxation of industrial licensing controls and import liberalisation, would work to stimulate in the more profitable export sector by freeing the market mechanism to operate efficiently in allocating scarce resources. The step also had the ancillary advantage of creating more attractive terms of exchange as incentives to foreign private investment.[39]

The package of economic reforms recommended by the World Bank, taken together, represented a fundamental departure from basic principles of planning laid down by Nehru and followed by the Planning Commission. It was, however, presented to the Indian Governemnt as the condition of substantial inflows of aid, along with informal assurances of a significant increase in foreign assistance to levels reaching $1.5 billion annually in the 1960's.[40] The foreign exchange component of the new strategy proposed by the Bank was, in fact, very high. (For the period 1966-71 it stood at Rs 1,114 million). But the recommendations

were 'favourable' to the Prime Minister Shastri, and he gave them his approval, thus opening India's doors for multinationals and to private investment. As we shall see in the next section, the entrepreneurial approach adopted in the mid - 1960s ended with the worst possible result from the point of view of the multiple economic and social goals of development and planning. The new economic policies appeared unlikely to achieve goals of economic growth, and they were certain to increase economic disparities.

INDIA'S DEVELOPMENT STRATEGY AND THE BASIC NEEDS OF THE POOR

The question of meeting the basic needs of the poor was first raised by Nehru in 1960-61. He was concerned with the plight of the poor. His plan to improve rural life was through gradual social transformation based on democratic principles. He created institutions such as the CDPs, to increase rural development. In the First Five-Year Plan, his government gave serious consideration to providing basic education to rural children and he set the target to provide health facilities and better housing by the next decade. According to Tarlok Singh, who was associated with economic planning, Nehru's policies to meet the basic needs of the poor failed not because of his strategy, but due to poor implementation. In the last section, the discussion showed how Nehru's strategy for rural development came under attack and ultimately overturned, following his death. Nehru's successor's concern for the poor was reflected only at an ideological level. Frankel points out that the Fourth Plan held no hope for any improvement in fulfilling the basic needs of the poor.[41] However, various measures were taken by the Indian government to "help" the poor and this section examines the consequences of those measures taken.

During the first five years of Mrs. Gandhi's rule, the entrepreneurial approach was endorsed so as to inject sufficient stimulus to investment to push the economy out of its continuing stagnation. But it failed to achieve this goal. In agriculture, with the exception of wheat, technical and tenurial problems combined to prevent productivity breakthrough in major food grain crops promised by the new agricultural policy, which was formulated by the World Bank (see last section). In the industrial sector, sluggish demand and slow rates of profit dulled the impact of relaxed licensing controls on private investment, even while shortfalls in foreign aid made it difficult to ensure imports of raw materials, components, and spare parts needed for production. The new policies, which could not accomplish rapid increases in growth, however, did succeed in accelerating the increase of disparities.[42] The nation, which faced an economic crisis of stagnation by the early 1960's, confronted an economic and political crisis of stagnation compounded by growing inequalities and discontent at the end of the decade. Mrs. Gandhi was faced with a food crisis, severe economic failure and a rising rate of unemployemnt. It is against this background that she set out to formulate her development strategy.

Mrs. Gandhi's first budget of 1967 reflected the kind of strategy she had in mind. It restrained government expenditures in order to dampen inflationary pressures, attempted to compensate for the cut backs in public expenditures by measures intended to increase the flow of private savings to industrial investment. These included greater assistance to private entrepreneurs from the public financial institutions, tax reliefs, including credits for the purchase of plant and machinery; and import entitlement schemes tied to investment in export industries.[43]

Mrs. Gandhi's approach to development was further elaborated in the Annual Plan for 1966/67. It stated that the low level of financial resources for the public sector meant that funds could not be stretched much beyond the "expeditious completion of projects which are already underway and on which substantial investments have already been made".[44] The Annual Plan also adopted a new agricultural policy and an approach that marks a certain departure in the strategy for agriculture. This new policy was to raise productivity and improve the living standard of the poor. It also endorsed a policy of basic industrialisation which would provide the basic consumption goods to the population. Frankel and Hanson argue that this new policy was adopted under the consultation of the IMF, the World Bank and the United States Government. Once the new agriculture strategy was adopted, aid started to flow in.[45] It should be noted that in 1966 the United States refused aid to India, unless she reverses her development policies.

In 1967, the United States assured India aid on a five-year commitment, ensuring annual aid levels of about $1.2 billion a year.[46] The American ambassador in India, George Woods, indicated that the amount could be raised substantially once the India revamped the economy in the indicated direction. By late May, it became clear that aid would be forthcoming only after India acted on her earlier promise to devalue the rupee. The Indian government then went ahead to complete negotiations with the IMF on the exact parity value of the rupee. The rupee was devalued by 36.5%.[47]

The development strategy adopted by Mrs. Gandhi was in direct contradiction with Nehru's and this "craven surrender" to the United States gave a final blow to Nehru's strategy of economic independence built on

rapid industrialisation and agrarian reform. The Link, a weekly news magazine, of June 12, 1966 asserted:

> Devaluation of the rupee under American pressure is the end of one chapter of our economic effort and the beginning of another. The poor of this country are forgotten. The chapter that has ended began with Jawaharlal Nehru's vision of economic independence achieved through quick industrialisation and agricultural progress. The party he led had no use of his vision... Almost from the day of his death retreats from affirmative objectives began. One by one the principles that served as foundation for the Industrial Policy Resolution and for an agricultural revolution were discarded. Devaluation of the rupee is the final admission by an abject administration that it has not got enough belief in itself to go to the people and make them work for their independence.[48]

Faced with the growing disparities and increased poverty, the economic planners once again declared: "basic industrialisation is the cornerstone of economic independence. It is capable of achieving self-sustaining economy and by 1976 the government hopes to provide the basic needs of each individual in respect of food, clothing, housing, education, and health".[49] How does the government intend to meet these goals? By 1968, the World Bank was advising India how to increase food and productivity in rural areas. Private investment was given full government support and aid was flowing in. Let us examine this strategy to meet the basic needs of the poor in details.

In the late 1960's India was facing a chronic food shortage. Agricultural output failed badly. The United States government refused to increase food aid to India. Instead, she advised India to change its development policies and adopt a model that was "working miracle in Mexico".[50] The model implied here is the Green Revolution which started in Mexico under the sponsorship of the United States government. The Indian government was impressed by the results of agricultural output in Mexico. It should be noted that the Green

Revolution in Mexico had just began and therefore, consequences were not visible until a few years later. However, the Green Revolution came to India in 1967. The World Bank had been arguing in its favour since 1965. The way it was promoted by the World Bank in India, it never really intended to help the poor.

It became imperative for the Indian government to increase yields (i.e. output per acre) after the food shortage. The Green Revolution was intended to increase food productivity. This involved the supply of new inputs (new high-yielding seed strains, artificial fertilizers, pesticides), along with the credit necessary to finance these purchase and application to those areas where they could be used effectively (i.e. areas with assured irrigation, and for most part wheat - growing areas, since there are problems in developing a sufficient range of rice strains). The aim was not only to keep Indian agriculture growing at a rate of 3% per annum, but of raising that growth rate to 5%. This new orientation of agricultural policy had profound inegalitarian implications: inasmuch as it involved the steering of resources the way of the high productivity areas and within those areas towards rich peasants and land-lords who had resources to take advantage of the new technology. It was inegalitarian since it encouraged the switch of investment from 'inferior' food grains like pulses (gram, lentils, etc.), which are eaten by the poor, to 'superior' food grains like wheat, and to a lesser extent rice, which are consumed by the better-off.[51]

India's adoption of the green revolution strategy was in response to prodding from the United States, and that strategy received strong ideological backup support by American experts; both the United States and the World Bank have advised India constantly to place greater stress

upon the private sector, to rely more heavily upon the market mechanism, to institute decontrol measures, and to liberalise imports -- advice which was taken eventually in the mid-1960's, as part of India's entrepreneurial approach to development.[52] The action taken by the Indian state is not, of course, simply the result of 'leverage'. The point, however, is that a particular kind of regime is supported by foreign aid, and within that regime the hegemony of particular classes encouraged. This is further ensured by the operation of private foreign capital. It is to be stressed that aid and aid negotiations have been used as ways of forcing India to be a more pliable host to foreign capital and foreign investment.

The green revolution, as promoted in India, only worsened the situation with regard to inequality, unemployment and poverty. The contradictions and tensions it generated are severe, and they need to be examined. Since only rich peasants and landlords have the personal resources or access to credits which will allow them to use the new technology they alone will become richer; poor peasants are excluded because they have neither owned resources nor have access to credit; wage labour might benefit to the extent that the green revolution gives rise to employment and higher real wages, but since there is a powerful tendency towards mechanisation, which is labour - saving, even that possibility is dampened; the peasants are likely to be dispossessed. The green revolution took place only in some areas of India and to a far greater degree to wheat - growing than to rice growing areas. Its net effect will be to give rise to a growing rural proletariat which is unable to find steady employment in the cities or in the countryside.

The Indian government is aware of this worsening situation which is potentially explosive. It seems, however, to be relatively powerless to

control it in any significant way because of the growing political power of the rich peasantry at the level of the village, the district, the state and the influence of the World Bank which collaborated with the Indian bourgeoisie. The rich peasantry has been transformed from a class-in-itself to a powerful class-for-itself, capable of protecting and furthering its own class interests to the detriment of other classes. One of the expedients attempted by the Indian government in the late 1960's, is the rural works programme. Ideas of a 'land army' and'labour co-operatives' have been in the air since the First Plan in the early 1950's, but the rural works programme was first seriously mooted in the Third Plan and was an integral part of the Fourth Plan. It was proposed that unemployed and underemployed rural labour should be employed 'productively' on, for example, rural development projects, such as building roads, village houses, etc. But due to a lack of resources and resistance from the rich landlord, the programme was neglected.

INDIA'S DEVELOPMENT STRATEGY: CONCLUDING REMARKS

An analysis of the performance of India's development strategy over the last thirty years suggests three broad conclusions.[53] The first is that, adequate progress toward the multiple economic, social, and political goals of development cannot be accomplished in the absence of radical agrarian reform. Whether the aim is to achieve sustained economic growth, or to reduce social disparities, or to consolidate strong political institutions that can bypass local elites to penetrate the villages, it is essential to alter the pattern of economic concentration in the rural sector. This involves some significant redistributions of productive assets, particularly land, to ensure minimum levels of

viability to larger numbers of small holdings. It also requires some degree of change in agrarian organisation from individual to cooperative pattern of economic activity, both to augment capacities for investment on capital projects as well as ancillary agricultural enterprises, and to create additional employment opportunities for the growing numbers of marginal farmers and landless labourers. [54]

Second, solutions for reconciling accomodative and radical social change through "non political" institutional changes, as attempted by Nehru, at the village level have proven unworkable. In particular, the assumption that cooperative and panchayat institutions introduced into the villages as instruments of community development, and constituted on principles of universal membership and adult suffrage, would operate to shift gradually the balance of economic and poliltical power away from the dominant landed classes rested on a serious misunderstanding of the potentiality for reconstructing the village unit of social action in the countryside. Village cohesion, even at Independence, had already been eroded by growing class differentiation and economic disparities. The more affluent members of the dominant landowning classes had turned their resources to profitable new opportunities for participating in commercial farming provided by the wider market economy under the entrepreneurial approach. Over time, they found fewer compelling reasons, either of economic interest or social status, to use their surpluses for meeting the basic needs of the poor. At the same time, the much larger numbers of marginal farmers and landless labourers, still splintered along traditional allegiances to family, caste, and faction, found it all the more difficult to present a united front against the larger landowners in the contest for control over the new community development bodies:

many landless and land-poor families were faced with "economic crisis" that could be contained only by safeguarding even attenuated dependency relationships with more affluent members of the landowning classes. The richer landowners, who were already better placed in the village social hierarchy, had little difficulty in manipulating a fragmented and dependent peasantry to maintain control of the cooperative and panchayat institutions. From this vantage point, they were able to exploit increased access to production credit, improved methods of cultivation, and more secure markets for further augmenting their resources. The politics of accomodation, under such conditions, actually operated to strengthen the power of these dominant peasant classes. They were able to rely both on strength of numbers (relative to the much smaller ranks of the elite upper classes) and growing economic affluence, to strike the most advantageous alliances with external sources of power in the ruling party and administration, which, in turn, further bolstered their strategic position as intermediaries between the land-poor peasants and the wider economic and political system.

Third, unless countervailing efforts are made to organise the peasantry in new forms of class - based associations that can build their own direct relationships with outside power centres in the political parties and the adminitration, the superior numbers of the poor cannot be converted into a potent political resource. By definition, such an approach to political organisation involves a departure from accomodative politics, and invites polarisation of the political process. Yet, there does not seem to be any alternative if the basic advantage of the poor in their strength of numbers is to be brought to

bear from below in effective application of pressure for the implementation of social reform.

Even if such analytical conclusions appear unpersuasive from a political economy approach, to political elites who must ultimately cope with the consequences of a mobilised peasantry, they (political elites) are likely to be impressed by a more irrestible fact. The last thirty years has seen a major transformation in Indian politics. Large numbers of the illiterate and the impoverished have become active participants in the political arena. They are aware of their political rights, and increasingly their political power. There is a great deal of evidence to suggest that substantial numbers of landless labourers and dispossessed tenants are also angry at government failures to carry out promises of agragrian reform and meeting their basic needs. Even conservative parties, if they remain committed to a competitive political system, will have to satisfy new criteria of letimacy based on the promise of removing mass poverty within the foreseeable future as the price of popular support at the polls. For reasons of political self-interest, if on no other grounds, it will be increasingly impossible to maintain the separation between issues of social reform and principles of political organisation.

Nehru's attempt to meet the basic needs of the poor did not succeed. The 'institutional approach' has not succeeded in its aim of bringing about widespread group activity at the village level and a sustained movement towards social change, basically because it assumed an identity of interests which is simply not there. The attempts at institutional change, then, have not been successful. To the extent that they have not had an effect upon inequality it has been to exacerbate it.

What does India's development strategy mean to the poor? In India,

the ruling political party at the Centre, the Congress Party led first by Nehru and then by Mrs. Gandhi, has issued policy statements which promise egalitarian measures, but, in practice, it has consistently failed to implement them. The Indian state, and the various organs of state power, represent, essentially, the urban and the rural bourgeoisies, and though there may be an inherent contradiction between the interests of the two bourgeoisies, the net effect has been powerfully inegalitarian. Within India's formally democratic structure there has been no place for mass organisations, with deep roots at the basic level of society. Such organisations are essential if thorough-going change in an egalitarian direction is to be brought about: the trade unions have been weak and divided, and in the countryside community development and panchayat raj have been taken over and operated by the rich who are also the powerful.

India's development strategy intensified poverty and inequality. Congress Party's promise to meet the basic needs of the poor by the 1970s was never really implemented. In spite of the weaknesses of the institutional approach, built in it was a model for meeting the basic needs of the poor. Nehru's institutional approach was based on a state welfare model (similar to the model adopted in Briatin after World War II). Myrdal, in 'The Asian Drama' argued that the institutional approach, based on social democratic principles should be adopted by developing countries as a model for development. Nehru's model, partly influenced by Myrdal's approach, was aimed at reducing disparities by manipulating institutional variables and through state regulation of the market. It hoped that gradual institutional change will alleviate rural poverty and reduce inequalities. The state welfare model is not as likely to succeed in a poor country like India; as it would in a rich industrialised society.

It is more difficult to change the relations of production and to redistribute income in India. the gap between the propertied class and the poor is institutionalised. The social stratification system in India makes upward mobility an impossibility. Nehru's model for meeting the basic needs of the poeple failed, not because of poor implementation but due to resistance from the propertied classes. Social change in the villages would significantly reduce the power base of the rural bourgeoisie.

The shift from the institutional to the entrepreneurial appraoch has been a dramatic one. The entrepreneurial approach, based on the modernisation/trickle down model of development and backed by the World Bank, changed India's pattern of development from a 'socialistic' to a 'capitalistic' pattern of development. The entrepreneurial approach was mainly concerned with efficiency and a free amrket, with little state interference. It advocated that growth would lead to distribution and that the surplus would trickle down to the poor. But, if its purpose was to meet the basic needs of the poor, in terms of providing free education to all, free medical facilities, adequate housing, proper sanitation, clothing and adequate water supply, the entrepreneurial approach has certainly not succeeded to deliver the presumed outcomes. The discussion in the chapter has attempted to argue that the strategies such as, the green revolution, expansion of the private sector and land reforms further increased inequality and poverty. Yet, the World Bank endorsed the basic needs approach as its official strategy for meeting the basic needs of the poor.

With reference to education, the institutional approach made provisions to provide mass education for the poeple. Nehru, in the early 1950s, stated that education should be revolutionised in order to meet

the economic goals of India. By that, he meant equality of educational opportunity for all the classes and he promised universal primary education for all by the 1970s. However, the entrepreneurial approach retreated from the goal of mass education. It neglected the provision of mass education. It retreated from the commitment to universal primary education. From the shift to the basic needs strategy, what emerged instead was a focus on offering nonformal education for the poor. The rationale was that the poor need productive skills in order to compete in the labour market and nonformal education aimed at providing the poor with a kind of education that would make them more productive workers. (The emphasis here is upon workers, not citizens, the capitalist economy needs workers). Nonformal education, therefore, became a new strategy aimed at controlling the poor. As we shall see, in the next chapter, it does not provide any basis for reducing economic disparities. It merely reinforces the subordinate role of the poor in society, by providing them with a "second rate" education.

FOOTNOTES

1. Quoted in BYRES and NOLAN. Patterns of Inequality. Inequality: India and China Compared. 1950-1970. Milton Keynes, Open University Press, 1976, p. 5.

2. BYRES and NOLAN, ibid., in their study of India and China use a political economy approach to explain ineqaulity.

3. FRANKEL. India's Political Economy 1947-77. New Jersey, Princeton University Press, 1978. In this book Frankel defines intelligentsia as the English - speaking or English - educated urban members of the Congress Party.

4. FRANKEL, ibid., p. 15.

5. HANSON. The Process of Planning. A Study of India's Five-Year Plans (1950-1964). London: Oxford University Press, 1966, p. 32.

6. Ibid., p. 47.

7. FRANKEL, op. cit., pp. 17-19.

8. HANSON, op. cit., p. 37.

9. Ibid.

10. Ibid., p. 37.

11. Ibid., chapter 1.

12. Ibid., p. 40.

13. Ibid., p. 47.

14. Ibid., pp. 44.

15. BYRES and NOLAN, op. cit., p. 24.

16. Ibid.

17. Ibid.

18. HANSON, op. cit., p. 123.

19. Ibid., p. 125.

20. BYRES and NOLAN, op. cit., p. 29.

21. Ibid., p. 30.

22. HANSON, op. cit., p. 170.

23. Ibid.

24. SEN. Essays in Economic Policy and Planning. Bombay, Asia Publishing House, 1963.

25. HANSON, op. cit., p. 196.

26. FRANKEL, op. cit., pp. 217.

27. BYRES and NOLAN, op. cit., p. 25.

28. FRANKEL, op. cit., p. 201.

29. FRANKEL discusses 'political decay' quite extensively in her book. Her interest is primarily to explain the emergence of the Indian political system. She, therefore, devotes less attention to inequality and class struggle in India. Too much emphasis on the concept of political decay weakens her analysis of class struggle.

30. Ibid., p. 203.

31. Ibid.

32. Ibid., p. 220.

33. Ibid., p. 247.

34. Ibid., p. 249.

35. Ibid., p. 269.

36. Ibid.

37. Ibid., p. 270.

38. Ibid.

39. Ibid.

40. Ibid., p. 271.

41. Ibid., p. 305.

42. See FRANKEL, op. cit., chapter 7 and BYRES and NOLAN, op. cit., pp. 23.

43. FRANKEL, op. cit., p. 295.

44. GOVERNMENT OF INDIA. Planning Commission Annual Report Plan, 1966, p. 7.

45. BHAMBHRI. The World Bank and India. New Delhi, Vikas Publishing House, 1980, chapter 4.

46. Ibid.

47. FRANKEL, op. cit., p. 298.

48. THE LINK. (News magazine). India, June 1966.

49. FRANKEL, op. cit., p. 12.

50. Ibid., p. 273.

51. BYRES and NOLAN, op. cit., p. 33.

52. BHAGWATI and DESAI. India: Planning For Industrialisation. London: Oxford University Press, 1970, pp. 404-96.

53. FRANKEL, op. cit., p. 548.

54. Ibid.

CHAPTER SIX

EDUCATIONAL DEVELOPMENT AND INDIA'S DEVELOPMENT STRATEGY

INTRODUCTION

The main focus of this chapter is to examine the relationship between education and development in India since Independence. In the previous chapter it was argued that India pursued, at least since the mid-sixties, a 'capitalist, entrepreneurial pattern of development'. It will be argued in this chapter that the educational system in India developed along with India's development strategy. The very logic of India's development strategy led it to adopt a system of education that would be in conformity with its objectives.

The chapter is divided into various sections. The first section discusses the development of education from a historical context. It briefly states some of the major educational developments under British rule. The intention is to discuss some of the major educational reforms proposed before Independence and to examine their significance for India's development. Section two attempts to identify the role of education in India's development. Distinctions will be made between education reform proposals developed before 1947 and those proposals and plans which were developed and implemented when Congress Party came to power in independent India. Section three examines the concept of nonformal education in India. It will be argued that India adopted the nonformal education policy, under the auspices of the World Bank, in conjunction with an important shift in development strategy discussed in the last chapter. Nonformal education was officially

endorsed in India in the early 1970s, in order to "save" the development strategy it adopted. The final section is an examination of basic needs and nonformal education in India. It raises important questions such as, how can nonformal education help to meet the basic needs of the poor; can nonformal education succeed where formal education failed. Questions of this nature have major implications for India's future educational policies. It is hoped that the following discussions will seek to explain the dynamics of education and development in India.

EDUCATIONAL REFORMS BEFORE INDEPENDENCE

It is beyond the scope of this thesis to give a detailed analysis of the development of education in India before Independence. The intention in this section is to discuss briefly the main educational reforms and educational development which occurred before 1947. It is essential to have an understanding of the state of education in India before Independence and of some of the reforms proposed in documents such as, the Wardha Scheme and the Sargent Report, which influenced subsequent thinking on education.

When the British conquered India, her cultures were intact. Religions were strong and conversion difficult. The primary purpose of schooling was control, not change. Britain did not want India to become an independent capitalist country. British manufacturers wanted the Indian trade and Indian competition. Preparing a skilled labour force was unnecessary and undesirable from the British manufacturers' point of view. The British first concentrated on winning over the cooperation of already established and well-defined elites. Missionaries were excluded because they offended the religious beliefs

of these elites. Once the British were well established, however, they began developing an English - speaking, Europeanised elite who would serve as middlemen between the British high administrators and the important elements of Indian society. Although changes were made in education, this policy remained the backbone of British education in India.[1]

British educational policies in India were designed to control politically the Indian subcontinent and to keep its people economically dependent on Britain. In the early days of British rule, when mercantilist classes and interests were dominant, educational policy centered on the pacification of native elites: the Orientalist phase gave native elites their native colleges under British control.[2] When capitalists began to gain control of the British government at home and to change the role of India in its relation to the metropole, the educational system changed as well: for Indians to become consumers of British goods and to become more capitalistic required a reconstructed educational system based on British values and norms. The Anglicist policy was implemented in India: Indians were to be taught in English.[3] There was resistance to this policy at first because of deep-seated traditions. But the British created a demand for English language education by hiring English-trained Indians to serve as low-level bureaucrats in the colonial government. Once this new social structure was imposed, secondary and higher education expanded gradually and then rapidly. At the same time, however, primary schooling was neglected. To reach the "masses", education in the vernacular was used in primary school; nevertheless, funds were limited and relatively few children went to primary school.[4]

The case of India illustrates how changes in the educational system of a colonised country were made to suit the perceived needs of the coloniser. English rule did eventually break up the traditional structure and replace it with a European-oriented hierarchy. So there may have been some value in India's "Westernisation". But the cost to her of British policies was apparently enormous. The British had to force a cultural transformation of at least a part of the Indian population to develop loyalty to Britain and to serve as intermediaries between the British and the unassimilatd Indians. A top-heavy bureaucracy and educational system were created to carry out this project. Cottage industry was destroyed without incorporating artisans with their skills into the new structure. For the British, "development" in India meant controlling Indian resources for British use, and education was structured to achieve that goal.

Carnoy argues that the purpose of the Orientalist policy, which strengthened and pacified traditional elites in British controlled areas of India, was to perpetuate British political power at a time when it was still weak. Education was provided for native elites in their own language and largely under their control.[5]

Through the Orientalist policy the British brought the native elites under its control. The British founded schools for them, where the sons of the Indian elites received their first education. It should be noted that in this first period of the British involvement in education (1780s) the local cultures were not under assault. At this stage, the British did not try to "Westernise" the Indians. It was more of a conciliatory stage. By this process, the British were able to legitimise their presence in India. Once the Indian

resistance was totally crushed, the Orientalist policy withered away.[6]

By 1795, British education in India began to take a different shape. The East India Company was well established and it was in full control of all trading activities. In 1792, Charles Grant, founder of the Church Missionary Society, argued strongly for education in the English language, thus foreshadowing Macaulay by forty-three years. He wanted English to be the language for administration, courts, and revenue and the basis for the teaching of European culture and science and the Christian religion. Following Grant's statements, important educational changes occurred in the early nineteenth century, as the English felt their way toward absolute political power. The British took control of the schools previously founded and in some schools English teachers were appointed from England. English language classes were established in most schools by 1827. In 1829, Sir John Malcolm pushed very hard for English education, both as part of the ideology of the successful dominance of imperial rule and more importantly, as a source of civil servants for the government. It was costly to bring people from England to work as low-level officers. It seemed simpler and politically wiser to create a class of cheaply paid but loyal low-level bureaucrats to help staff the provincial offices and act as a buffer or intermediary class to stand between the government and the masses.

By the 1820s, the policy of cultural conquest was already bearing fruit in the person of Raja Rammahon Roy. He has been described as "The Father of Modern India".[7] Roy accepted British rule as a good thing and the British as an ally in an attempt to reform the Hindu traditions in a more secular and Western direction.

He fought for Western schools and created the 'Brahmo Samaj', a movement to reform the Hindu religion.

In 1834, Macaulay arrived in India to continue his push for the Anglicist policy. In his Minute, he states that "English is the language spoken by the ruling class....We must do our best to form a class who speaks English as we do....a class of persons, Indian in blood and colour, but English in tastes, in opinions, in morals, and in intellect".[8]

This is the key to Macaulay's statement: "more than the need to have a cheaper, more extensive, and more efficient (English law) administration, more than the desire to have a greater body of consumers through economic development, the primary purpose was to build a cultural dependency among the educated and ruling classes so that revolutionary overthrow would never be a likely alternative".[9] Carnoy notes: "what is crucial here is the form that education took for the elite. The British did not try to instil in the natives a deep grasp of the fundamental principles of economics, technology, science and politics; rather they were content to force their pupils to ape and recite English literature, philosophy, and metaphysics in the most slavish imitative fashion. It instilled in them a respect and awe for the aristocratic virtues of the majestic English language and culture and a corresponding contempt and disdain for their own background".[10]

Carnoy observes: "the key to the whole Anglicist policy was contained in Hardinge's memo. The growth of English education had been very slow, and there was no clear way to impose it on the population. Hardinge found the way. He made them want it, because

it was the only way that they could get any sort of job with the government. These were lucrative jobs by Indian standards. The net result was that almost the whole system of education, particularly in Bengal, became geared toward training for government service. As there were not enough jobs to go round, many of these educated Indians became mere clerks, unable to use their literary and legal skills for any business, industrial, or scientific pursuits".[11]

By the 1850s, the British government began directly to assume responsibility for the education of the entire population, both for political and economic reasons. Economically, the changes came during the 1850s and 1860s, when England was coming to rely much more heavily on India as a source of cotton and other essential raw materials due to the losses in trade caused by America's civil war. This was a period when the colonial government was beginning to feel its substantial power and to make major reforms in the countryside: to try o break down the caste system, to establish a labour market and to build infrastructures to strengthen the British's military and political power. Vernacular education came very slowly; much was undertaken under formal guidelines such as the Wood Despatch.

In 1853, the House of Commons held a thorough inquiry into educational developments in India. The result of that inquiry, called the Wood Education Despatch, formed the theoretical basis for British educational policy in India over the next seventy years. In summary, the Despatch declared that: "....our object is to extend European knowledge throughout all classes of the people. We have shown that this object must be effected by means of the English

language in the higher branches of instruction, and by that of the vernacular languages of India to the great mass of the people.... The higher classes will now be gradually called upon themselves to the education of the middle and lower classes, both by the establishment of fitting schools for this purpose and by means of a careful encouragement of the native schools which exist, and have existed from time immemorial, in every village".[12]

The inquiry led to the creation of an education department in each province of British India, but the Wood Despatch did nothing to alter qualitatively the Anglicist policy. Teacher-training colleges were established and more secondary schools were created. But the plans of mass education visualized by the Despatch were not realised, nor were the high schools imparting education through native languages for more than seven decades afterwards. Higher education was taken more seriously and expanded. Three universities, at Calcutta, Bombay and Madras were established in 1857. However, in 1857, a policy was formulated for mass education. Mass education had to be carried out in the spoken native languages. Schooling in English would be impossible to administer in terms of time, books, and personnel available. Thus, a tiered approach evolved: English education for the elite, vernacular education for the masses.

Very little was actually done in mass education. In 1881-1882, there were about two million pupils in primary schools incorporated into the departmental system in British India[13] (see Table 7). This represented about 7% of the school-age population. About 14% of the male children were in primary school, and less than 1% of female children. By 1921-1922, the number of children in primary school

TABLE 7

India: Enrollment by Level of Education,

1881-82 to 1935-37 (thousands)

Years	Primary	Secondary	College/ University
1881-82	2,061,541	214,077	--
1901-2	3,076,671	590,129	23,009
1911-12	4,806,736	--	--
1921-22	6,109,000	1,106,803	66,258
1936-37	10,224,288	2,287,872	126,228

Source: Martin Carnoy 'Education as Cultural Imperialism' 1974, p. 107.

had increased to six million, which represented about 17% of the school-age population. So, seventy years after the Wood Despatch, only one in six Indian children was in primary school (learning in the vernacular) in British - administered India.

The school system that emerged in British India was organised to keep a tight control over whatever education existed. The political goals of British educational policies in India were to keep Indians under its hegemony. The old social, economic, and educational system was broken down, and a very tightly controlled and not very extensive new system was put in place to replace it. Education was developed to provide subadministrators and clerks for the British government service. Indians trained as subadministrators were thoroughly anglicized by the curriculum and the selection process of the higher levels of schooling. At the same time, a primary school system was installed which was limited in the number of children it reached and was controlled to prevent an independent base of power and ideas to develop. Because of fees charged, only families from higher-income brackets could afford to send their children to school. As late as the 1920s and 1930s, few girls went to school at all.

The opportunities for educated Indians were almost entirely as bureaucrats in the colonial government. This is the sector that the British wanted to expand. Thus, at the same time that primary schools were limited in accessibility, secondary schools, largely private and primarily preparatory to college education, were expanding rapidly, doubling the number of pupils every twenty years. Once the taste for English education had been developed as a result of the anglicist

policy, the demand for secondary education increased rapidly. As secondary education grew, the demand for university training grew also, and the numbers of universities increased. Both at the secondary and university levels, English was used almost exclusively as the language for instruction. For those who reached these levels, the separation from Indian culture and people was almost complete.[14]

Until 1919, education in India was administered from Britain, when it was proposed that the Department of Education be transferred to the control of Indian ministers. A great controversy arose over the control of secondary and higher education. All but a few colleges and the education of Anglo-Indians and Europeans were turned over. However, the resistance to giving Indians control of secondary and higher education shows again that the British considered these levels far more important to their colonisation policy than the disregarded primary schools.

By this time (early 1910) a strong sense of nationalism began to develop among some Indians, who showed concern about British educational policies in India. The first leader of this more vigorous nationalism was Gopal Krishna Gokhale, founder of the remarkable Quaker-like organisation, the "Servants of India", and the man whom Gandhi recognised as his guru. Gokhale consistently stressed the necessity of eliminating illiteracy in India, and he won over the entire nationalist movement to his point of view. The introduction of universal, compulsory, free primary education became the first item on the reform calendar. When Gokhale died in 1915, Gandhi picked up the torch. His main, and in a sense, epoch-making contribution was a further development of the concept of national education. Gandhi's concept of "basic education" was not

only a novelty in Indian educational debate, it possessed some truly original features.

Gandhi's idea first presented as an inexpensive means of spreading popular education. The Indian provincial ministers belonging to the Congress Party assumed office in 1937, was committed to introduce universal, free, and compulsory primary education and make it effective in the shortest possible time. Gandhi's "basic education" had the pedagogical merit of combining theoretical and practical training-suggested by Gandhi's use of the words "education through a craft" and it fitted in well with his general philosophy of vitalising the villages by raising the villagers' productivity and self-sufficiency.[15] It was thought that basic education would be a powerful means of breaking down the prejudice against manual work which Gandhi recognised as a major attitudinal obstacle to development.

The Congress program for reform of the educational system was formalised under Gandhi's leadership at Wardha in 1937. What was to become known as the Wardha Scheme prescribed as a target universal, complusory, and free elementary education in the mother tongue for eight years, with the curriculum organised around manual and productive work. The period of compulsory schooling was to be divided into a junior stage (ages 6-11) and a senior stage (ages 11-14). Secondary schooling was to take six years, including the senior stage of compulsory schooling. Two types of secondary schools were to be provided and given equal status: the academic high school, which prepared students for the college, and the technical or vocational school, complete in itself. The universities were to be redirected to provide, besides researchers, professionals of all sorts, including nurses,

teachers, and rural workers. To avoid waste of student energy, instruction at all levels was to be in the mother tongue.

Most of the recommendations of the Wardha Scheme were incorporated in the Sargent Plan (1944). The year 1944 was a landmark in the history of educational planning in India. John Sargent, the then Education Commissioner (later called Advisor) to the Government of India, prepared a comprehensive educational plan that contained proposals on different aspects of educational reconstruction, such as basic education, adult education, welfare of school children, school buildings, recruitment, training and conditions of service of teachers and the technical education. The plan was presented to the Central Advisory Board of Education and was approved with slight modifications. This document, popularly known as the Sargent Plan, is considered as the first comprehensive plan of educational development ever to be prepared in India.[16]

The main features of the Sargent Plan are:

1. It was spread over a period of 40 years (1945-1984).
2. Free and compulsory education along "basic education" lines for all children in the age-group 6-11.
3. Compulsory senior basic education for three years for four-fifths of children in the age-group 11-14.
4. Secondary education for one child out of every five who completed the primary course.
5. University education for one out of every fifteen students who completed the secondary school.
6. Liquidation of adult illiteracy.

There are certain similarities between the Wardha Scheme and the Sargent Plan, especially in regards to the provision of free and complusory, universal elementary education and the elimination of

illiteracy. But while the Wardha Scheme gave more emphasis to vocational and technical education related to work experience, the Sargent Plan did not have the same pedagogical merit of combining theoretical and practical training. However, the Sargent Plan, prepared in 1944, became an important document, which influenced subsequent thinking on education. The next section discusses the educational reforms that took place after Independence and how far, they incorporated the recommendations of the Wardha Scheme and the Sargent Plan.

ROLE OF EDUCATION IN INDIA'S DEVELOPMENT

In chapter four, the discussion was focussed on India's development strategy. It was argued that Nehru's model of development provided a basis for meeting the basic needs of the poor and Nehru had a plan of how that should be achieved. His socialist goals were committed to equality and social justice, in spite of certain weaknesses in his model. Nehru's policies also reflected what kind of educational system he envisaged. The main recommendations of the Wardha Scheme and the Sargent Plan were in congruence with his overall development strategy. The last chapter also demonstrated that Nehru's institutional approach to development which had a commitment to eradicate poverty and illiteracy was challenged by his opponents, who after his death, adopted a "capitalistic pattern of development". Planned educational changes in India after 1947, appear to have followed the basic outline proposed in the Sargent Report. Further, India adopted a programme of educational development with a view that it should be in conformity with its development strategy. In this section, it will be argued

that the educational system which emerged after Independence, retreated from the goals of mass education and universal primary education. Nonformal education was adopted as a means to legitimise the failures of India's development strategy.

The role that education was to occupy in India's development is reflected in the various plan documents. The Second Report on Reconstruction and Planning (1945) proposed an educational system that would remove "inequalities and poverty".[17] At the same time, Nehru declared: "We must revolutionise the whole educational system".[18] The first Five-Year Plan (1951-1956) recommended that the highest priority should go to the improvement and remodelling of existing institutions on the right lines. According to the Plan, this would necessitate giving high priority to experiments and research in improved educational methods, the training of teachers and the preparation of literature. It also stated that high priority should be given for basic and elementary education, technical and vocational education at the lower level and the development of facilities for training high grade technicians in certain selected fields (e.g engineering, medicine). The First Plan clearly incorporated some of the recommendations of the Wardha Scheme, for example, on the provision of basic education. The Plan assigned basic education a high priority, and the target that it aimed at during the period of the plan was the provision of educational facilities for 60% of the age-group 6-11, to be developed as early as possible to bring children up to the age of 14 into schools, and for 15% of the relevant age group ro secondary education.[19]

The Second Plan had more comprehensive educational objectives, viz. expansion of primary education and the development of a system of

secondary education. The chapter on 'Education' in the Second Plan begins with these remarks, "The system of education has a determining influence on the rate at which economic progress is achieved and the benefits which can be derived from it. Economic development naturally makes growing demands on human resources and in a democratic set up it calls for values and attitudes in the building of which the quality of education is an important element". The Second Plan set out to improve the quality of education, especially at the elementary and secondary levels. But the time we come to the Third Plan, primary education is being relegated in importance. The Third Plan emphasised the provision of facilities for science education at the secondary and university stages. It called for an expansion of technical education.[20]

The above statements from the plan documents show inconsistencies in Indian educational policies. The recommendations of the Wardha Scheme and the Sargent Plan were given consideration, but they were not implemented fully. For example, the First Plan, which was committed to a continuation of existing system, nevertheless laid emphasis on the reorganisation of secondary level of education to make it serve the practical needs of the community and to provide cadres of leadership, especially for the rural areas. Further, at the post-secondary level, it emphasised the need to curb the tendency to multiply universities on local and regional grounds. The Second Plan aimed at the expansion of primary education, but it was not intended to follow the logic of the Wardha Scheme. Primary education expanded in the urban areas, which Myrdal describes as "bookish" and never designed to meet the ideals of Gandhi's "basic education".

As far as secondary education is concerned, the Wardha Scheme proposed a system which would provide both academic and technical or vocational education in order to break the class and regional barriers. But secondary education as it appeared in the Second Plan (1956) emphasised an academic type of education. Secondary education was "literary" rather than practical. It was monopolised by the upper class, because it prepared students for higher education. The secondary schools were intended to prepare youths for entrance to tertiary institutions. Although some schools offered vocational training, teachers were incompetent to teach technical subjects.[21] As a result the graduates from secondary schools lacked any form of vocational training. As an Indian report notes: "the maladjustment between the education system and the socio-economic needs of our developing economy has further increased. A result of this has been the increase in the number of educated unemployed side by side with shortages of trained personnel".[22]

As late as the 1960s, India had not done any really comprehensive planning of the goals of a national educational system and of the consecutive steps required to approach those goals. Although Nehru and many other national leaders insisted that the entire system of education be revolutionised, that system has on the whole been left as it was at the end of the colonial era. So, in 1964, the Education Commission was appointed by the Government of India by a Resolution dated 14 July 1964, "to advise the Government on the national pattern of education and on the general principles and policies for the development of education at all stages and in all aspects".[23] The Commission, under the chairmanship of D. S. Kothari, was instructed to "survey the

entire field of education in order to realise within the shortest possible period a well-balanced, integrated and adequate system of education capable of making a powerful contribution to all spheres of national development".[24]

The Commission presented its report in 1966, generally referred to as the Report of the Education Commission (1964-1966). The Report (ECR) defined its objectives in the foreward to the report, which says:

> We need to bring a major improvement in the effectiveness of primary education; to introduce work-experience as an integral element of general education; to vocationalise secondary education; to improve the quality of teachers at all levels and to provide teachers in sufficient strength; to liquidate illiteracy; to strengthen centers of advanced study and to strive to attain, in some of our universities at least, higher international standards; to lay special emphasis on the combination of teaching and research and to pay particular attention to education and research in agriculture and allied sciences.[25]

Like the Wardha Scheme the ECR proposes to liquidate illiteracy and to spread compulsory education for all up to 14. It emphasises rural education, adult education, and education for the disabled. The report calls for a major reorganisation of the educational system in India. It is recognised by the Education Commission that education is the prime-mover for economic growth. It makes recommendations as to how education can contribute to national development. This assumption is clearly suggesting a theory of economic growth. (This statement will be discussed more fully later on).

After the Education Commission presented its recommendations, the Fourth Five-Year Plan (1966-71) was published. One would expect the Plan to consider some of the Commission's proposals. And so it did, that it agreed with the report that there are "growing and dangerous disorganisation", which must be promptly dealt with. But there was no attempt

in the Fourth Plan to "provide equality of educational opportunity for all" as the ECR proposed. It considered the directive in the Constitution of India about the provision of free and compulsory education for all up to 14, but it stressed that it might take longer than the Education Commission expects. The Plan paid little more than lip service to the Commission's recommendations on rural education, adult education, girls' education, or it provided marginal changes.

Naik, who was a member of the Education Commission (1966), wrote that the concern of the economic planners was not to promote mass education and to make education more accessible to all segments of society. Their primary concern, he argued, was India's "development" and education had to conform with the development strategy India was pursuing. In this development strategy, continues Naik, free compulsory education and free primary education and equalisation of educational opportunity did not figure as significant goals.

It was discussed in the last chapter that after Nehru's death, India embarked on a clearcut capitalistic pattern of development. Education was therefore being reexamined as part of the new development strategy India was pursuing. The provision of mass education and equality of educational opportunity for all are no longer central to the development strategy. The role of education was to provide the trained and skilled personnel for India's industrialisation programme. As a result, the Fourth Plan emphasised the expansion of higher education and the provision of compulsory education for all up to 14, was either neglected or delayed. From the standpoint of India's development strategy, expansion of secondary and higher education may be seen from the criteria of economic investment as wise expenditure to increase

human capital. This orientation to the educational system tends to stress the secondary and higher levels of the educational structure.[26] Table 8 indicates expenditures for education in India. Investement in tertiary education, while elemetary education investment has decreased. Indian planners argue that, considering India's development strategy, the highest educational priority should be given to the development of technical and administrative skills which are attainable only through post-primary instruction.[27] The rate at which India has been expanding its tertiary education, makes the Karachi resolution on the provision of universal, free compulsory education for all by the 1980s, an impossibility.

Expansion of education, especially tertiary education, is not only typical of India. As result of the Human Capital Theory, many developing countries (and also developed countries) invested heavily in their educational systems. They assumed that rapid expansion of education would lead to economic growth and national prosperity, as the proponents of the Human Capital Theory were advocating in the 1960s. But as argued earlier, expansion of education did not lead to the expected goals. Instead, it created further problems for LDCs. Many Third World economies could not absorb the number of graduates the education system was producing. It created "educated" unemployed.

Primary education in India, especially in the rural areas has been neglected, due to the emphasis placed on higher education. India's expenditure at this level is consistently reduced. The government seemed to have forgotten the importance of primary of education as outlined in the Wardha Scheme and the Sargent Plan. During the period of the Second

TABLE 8

Proposed Expenditures for Education in India

(Rs. in crores)

	First plan	Second plan
Elementary education	93	89
Secondary education	22	51
University education	15	57
Technical and vocational education	23	48
Social education	5	5
Administration and miscellaneous	11	57
Total	169	307

Source: Thut and Adams "Indian Education: Search for Economic and Political Independence", in Chan and Uppal (eds.) India and China: Studies in Comparative Development, 1971, p. 274.

and Third Five-Year Plans, the portion of resources devoted to primary education was already steadily falling. By the Fifth Plan, the curtailments at this level were even more drastic. In 1972, a detailed plan was made for education during the current plan period, calling for more expenditure. The requested amount was rejected by the government and a revised budget was subtituted. Finally, only a quarter of the amount requested was agreed upon, which amounted to 4.6% of all Plan funds -- down from previous levels that were about 7%. As a result primary education suffered badly. [28]

Naik, provides an assessment of the role of education in India's development, since the ECR was published in 1966. First, who has benefitted most from the expansion of education in post-Independent India? Naik replies:

> At the elementary stages, the weaker sections of the community still get very little benefit, their enrollment is comparatively less and wastage greater.... But from the very few studies available, it appears that equality of educational opportunity provided at the secondary stage is far less than that at the elementary stage....Secondary education is still very largely urban and boys still form the vast majority of secondary students. In a study of the Baroda district, it was found that nearly three-fourths of the students belong to the upper class and the middle class. In a similar study of the Kaisa district, it was found that about 80% of the secondary school students came from privileged backgrounds....At the University stage, more than 70% of the seats are taken by the top 5% of the social strata. [29]

Naik argues that the largest beneficiaries of the Indian system of education are boys, the people of the urban areas, and the middle and upper classes. [30] He observes: "Educational development, particularly at the secondary and higher levels, is benefitting the 'haves' more than the 'have-nots'. This is a negation of the social justice and of 'planning proper'. These views were strongly endorsed in the ECR,

which pointed out in a representative statement that: "Instead of trying to provide good education to all children, or at least to all the able children for every stratum of society, it is available to a small minority. The identification and development of the total national pool of ability is greatly hampered. The position is thus undemocratic and inconsistent with the ideal of an egalitarian society. The children of the masses are compelled to receive sub-standard education....while the economically privileged parents are able to "buy" good education for their children".[31]

The educational system that was adopted under India's new development strategy was largely conditioned by the prevalent socio-economic and political power structure. Its expansion, growth and development was tuned to the requirement of this structure and particularly by changes in the distribution of power -- economic, social and political. The educational system, which is a social product and part of the entire social system, acquires a collateral relationship with it.[32] The educational system that was inherited retained its characteristics. According to Kamat and Naik, what happened in India in the last sixteen years, (since the ECR of 1966), is merely an expansion of the earlier system with a few marginal changes in content and technique. They argue the educational system is class-based and it is wasteful as it was in the in the colonial time, but its class character and ineffectiveness may have increased rather than decreased. [33]

In Naik's opinion most of the ineffectiveness arises from "a dogged conservatism that refuses to accept the change and a tendency to prefer talk than action, so that all actions get bogged down in controversies which thrive on endless stream of committees, seminars and conferences... (They have) bedeviled the educational scene throughout the post-Independent

period".[34] Naik summarises his charge by saying: "In short, while we have talked of 'revolutionary changes', we have practised only a 'moderate reformism' thus providing one more illustration of divorce between theory and practice which characterises our life".[35]

The ineffectiveness and class character of the educational system were soon realised by educational planners. By the late 1960s, it became evident that education in rural areas was deprived of even minimal support. Rural education suffered so badly that the planners felt something had to be done to improve conditions in the villages. For over 50% of the villages were without any teachers; those villages which had schools, 70% were one or two teacher establishments. When teachers were not present to teach in these establishments there simply was no school. In many states, the percentage of single teacher schools was as high as 80% of the total number of lower primary schools.[36] The section of society, i.e the poor in the rural areas, who even lacked the minimal amenities were neglected. To remedy this acute problem of the poor, the Minister of Education, Narul Hasan, announced in the late 1960s, that "the village education be substituted by a cheap 'informal' education" for the poor. What he had in mind was the provision of nonformal education for the poor.

Through a policy of nonformal education, the government aimed at modifying and suplementing the school system by developing functional literacy programs and by providing educational facilities for young persons in two age-groups, 6-14 and 15-25 years, who had dropped out of the school system. The new policy did not emerge from a serious attempt to explain and understand why there was a high percentage of drop outs. Such explanations appear to have been simply ignored. India's high rate of school pupil wastage needs no chronicling: official figures

for 1973-74 show an 84.4% enrolment of total population in standards 1 to 5 drops to 36% for standards 6 to 8, and recent authorities suggest that official school population figures are serious over-estimates, sometime by as much as 20%.[26]

The problems of wastage drop outs, illiteracy, ineffectiveness, rural education and inefficiency, highlighted by people like Naik, Kamat and others, have been a concern for educationalists in India for decades. A 1944 Bureau of Education wrestles with the problem of an 85% illiteracy figure and, in naively planning for total literacy in 25 years, by a simple multiplier system, provides for 'adult' centres, for boys over the age of 12.[38] Twenty years later the ECR establishes the view that "the social distinction between primary and secondary education as meeting respectively the needs of the masses and the classes has already ceased to be valid", and goes on to grapple with the huge wastage at primary level by suggesting special provision for school drop outs with functional literacy as its aim through part-time education outside school hours, utilising existing school buildings, equipment, and teachers, who would be suitably renumerated.[39] (What the ECR is suggesting here, is clearly a policy on nonformal education for the drop outs). An analysis of the drop out and illiteracy problem at the state level emerges in a publication of the State Planning Commission for Tamil Nadu, "Towards a Learning Society", which proposes 'new' strategies, such as nonformal education, for the development of education, science and technology in the State from 1972 to 1984; the prefatory epistle by Malcolm Adiseshiah provides a useful summary:

> The innovation in the proposed Plan is to provide the equivalent of basic five-year education to all school drop outs and repeaters who constitute around 60% of students between standards 1 and V and to our 60% adult illiterates. At this primary level, the Plan envisages

> an integrated school out-of-school education programme where students can enter, exit and re-enter the school, the home and the employment market in such a way that no one will be called, and maltreated, as a drop out and go with basic education on that account.[40]

By the early 1970's, interest in nonformal education began to increase. The government proposed at producing a back-up system (nonformal education) to help the majority of pupils who have failed to work their way through the early stages of the school system. What prompted the Indian government to adopt a policy on nonformal education? The next section addresses to this question.

NONFORMAL EDUCATION: A 'NEW' EDUCATIONAL STRATEGY FOR INDIA?

In chapter 4, the concept of nonformal education was examined. It was established that nonformal education was promoted by the World Bank as part of its new development strategy. Its concern for the poor and the eradication of poverty was echoed consistently by McNamara. Nonformal education became World Bank's official policy after Coombs' publication of "New Paths to Learning for Rural Children and Youth" (1974).[30] By the 1970's, countries like India were in search for new strategies in order to overcome the problems of poverty. India's educational policies, based on its development strategy, failed to reach the poor; the disparities between the rich and poor, urban and rural areas, were becoming wider. Nonformal education was adopted in India as a means of legitimising its development strategy. Under the advice of the World Bank, it quietly endorsed nonformal education.

The previous section demonstrated that the formal educational system in India was urban-based and as Naik argued it reached only a small minority. Rural areas were neglected. So, in 1974, the Indian

Government issued a booklet "Main Schemes of Non-formal education in the Fifth Five-Year Plan" the aim of which was to redefine the direction and thrust of a new policy agreed upon by the Central Advisory Board of Education in November 1974.[41] It should be noted that around the same time Coombs published his study on nonformal education for the World Bank.

Nonformal education did not become official policy after the publication of the booklet mentioned above. The Indian Government tried various 'experiments' before giving it official endorsement. For example, in 1975, the State of Tamil Nadu expressed interest in nonformal education. An extensive research was carried out on non-formal education in Tamil Nadu. The results were published in September 1975 by the State of Tamil Nadu Board of Education under the title, 'Towards a Functional Learning Society'. On the basis of this study, it defined nonformal education as follows:

> "....it is possible to describe nonformal education in Tamil Nadu as the organised provision of learning opportunities outside of the formal education system, covering a person's lifetime, and programmed to meet a specific need -- remedial, vocational, or health or welfare or civic, political or for self-fulfilment.[42]

Nonformal education as defined by the State of Tamil Nadu bears similarities to Coombs' definition of nonformal education (see chapter 4).[43] Both definitions stressed the provision of learning opportunities outside the formal education system, to individuals who somehow do not have access to formal schooling. They do not talk about changing the educational system or how to make it more accessible. However, non-formal education was given official endorsement in 1975, by one of Tamil Nadu's most senior administrators, K. Venkatasubramanian. Tamil

Nadu became one of the first Indian states to have an official policy on nonformal education.

In 1977, the Government of India decided to access nonformal education programmes which were being attempted in other states, besides Tamil Nadu. The Education Minister initiated discussions with educationalists, Members of Parliament, members of the public and representatives of teacher and student organisations, in order to ascertain their responses to and views on the various policies and nonformal education programmes in operation. The Planning Commission identified areas for planning. Finally, the State Education Ministers' Conference in August 1977, discussed nonformal education and identified new directions for action. From their discussions a new consensus emerged following a 'new' educational strategy, i.e. nonformal education and subsequently policies were formulated that would adopt nonformal education programmes. It was assumed that nonformal education would be able to reach the rural poor.[44]

Nonformal education was further legitimised at the Commonwealth Conference on Nonformal Education, held in February 1979, in new Delhi. The Conference Country Paper (India) stressed that India has recognised the crucial role of nonformal education for rural development. It noted "Nonformal education has indicated that formal education alone is not always sufficient to meet the needs and aspirations of a people for a speedy and just distribution of development. Nonformal education as a planned development strategy is able to cater for the needs of a society and many of its people who are not able to take advantage of the formal system because of complex economic and social constraints.[45] This statement uses a rhetoric that conceals

widespread and entrenched class inequalities which characterise such a society like India. What the Conference Paper did not emphasise or seek to explain is the term 'rural development'. Rural development in India since the late 1960s, based as it was on the Green Revolution strategy has intensified class inequality and polarised distribution of income in favour of the rich farmers at the expense of the marginal cultivators and the landless poor.[46]

What prompted the Indian government to adopt a policy on non-formal education? From the discussions on the matter that are available, it seems that one of the reasons is a clear recognition of the failure of the existing educational system as it has co-evolved along with developments in India's social and economic structures over the last thirty years. It failed to provide an education for the poor. It can be argued that, in view of the growing criticisms about the declining quality of education, there is an increasing demand for additional resources to improve the efficiency of the existing system to provide and raise the quality of education for the poor. Furthermore, the World Bank increased its educational loans to LDCs from $79.9 million in 1970 to $431 million by mid-71, in order to promote the Bank's new policies on education. Hence, the World Bank was prompting Third World governments to adopt nonformal education programmes. With the scarcity of resources getting acute, and an inexorable trend of ever rising costs in education due to the demand for secondary and higher levels of education, getting resources for nonformal education is a problem for LDCs. But the Bank increased its educational loans in order to 'help' LDCs to set up nonformal education programmes. For example, in 1978, it provided $16.8 million for rural

development projects, compared to $3.7 million for the expansion of formal education.[47]

The World Bank is financing nonformal education. It proposes that nonformal education, a major component of the basic needs approach, is aimed towards rural development and the eradication of poverty. Such an approach appeals to the LDCs, who are also concerned about and are interested in the elimination of poverty and provision of the basic needs of their people. It is assumed that nonformal education and the basic needs approach to development in general would alleviate poverty. A close examination of nonformal education in India suggests that it is unlikely to succeed, where formal education failed. The underlying logic of nonformal education is that the rural poor lack productive skills and it is this skill deficiency which causes poverty. Nonformal education, it is claimed is aimed at providing the poor with skills which will make them more productive. The problem is not the way nonformal education is being promoted by the World Bank. It lies with the strategy of development and its underlying logic. The new development strategy does not provide any basis for meeting the basic needs of the poor, it has intensified inequality and poverty by deliberately promoting a strategy which is 'capitalistic' in nature. Instead of providing mass education, it has created a 'two-tier' system -- formal education for one group of people and nonformal education for another. This system bears similarities to the one that existed in British imperial India (discussed earlier in section 1 of this chapter), which created English education for one section of the population and vernacular for the mass. The aim of such a system was to provide the privileged classes with English

education, while mass education was assigned little or no priority.[48]

Is nonformal education likely to solve India's problems of poverty and unemployment? Naik's answer is no. He believes that nonformal education in India has little chance of success. In his critique of nonformal education in India, Naik argues that 'reasonable' ideas of nonformal education are only accepted in theory, without a serious effort of implementation in practice.[49] Naik gives the example of the National Adult Education Programme which was inaugurated with such fanfare that it has been limping along. Naik blames it all on the Indian educational system for being class-based, and not mass-based. He calls for a mass movement for universalisation of elementary education and adult education.

However, Naik's own analysis suffers various weaknesses. He calls for a 'mass movement' for the universalisation of elementary and adult education. Naik does not see that in all class societies, education is always class-based so that labelling it as such does not take one much further. His calls for a mass movement for this purpose, as though such a movement can be just ordered, betrays an inherent weakness in his thinking. In an extremely poor and unequal society like India, education has no high priority in the minds of the large majority. A 'mass movement' is bound to arise in due course to confront the present social predicament but it will be for more basic needs like food, shelter and jobs and other bare essentials for living. Education will at best be an additional demand. Thus the efforts to spread nonformal education and efficient implementation of the formal system cannot be realised in the present socio-economic and political framework and power-structure, except in a limited fashion.[50]

Naik changed his stance on the relationship between education and society considerably, since the ECR of 1966. He never gave up putting forward newer and newer models for educational reconstruction, returning to the ECR for their origins. Important facets of Naik's educational ideas are reflected in the ECR. First, the ECR explicitly stated that the present educational system is a dual system and is just a continuation of the system under the former British imperial administration. It had therefore to be replaced by a really national educational system geared to the social transformation of Indian society. The proposed educational system has therefore to be related to enhanced productivity, to social and national integration, to consolidation of democracy and promoting the process of modernisation. With these objectives the ECR drew up a grand design of the proposed national system, making detailed and exhaustive recommendations on all aspects of education. Second, the ECR thinking was firmly rooted in the belief that education was the one and major instrument of social change on a grand scale in India, that is, for radical and social transformation. Naik himself stated that the National Educational Policy Resolution (1968) never seriously implemented the recommendations of the ECR.

It is clear that Naik's thinking in the ECR on education and social change largely follows the tradition-modernity paradigm for social change in LDCs. To that extent it abandons the historical approach, and ignores the primacy of socio-economic and socio-political structural change.[51] By the mid-70s, one finds Naik writing about the necessity of a simultaneous advance in both educational and social re-ordering, of 'political and economic' efforts to change the structure, of adopting Freire's conscientization approach in adult and nonformal

education, etc. A few years later he changed his views on the relationship between education and society. He now speaks of putting a 'political content' into Indian education. This idea can be traced to his general disillusionment with India's stagnating situation in the educational, and more fundamentally, in the socio-economic and socio-political sphere. By that time, international educational development thinking had also witnessed the bankcruptcy of the tradtion-modernity paradigm.

In his last work, Education Commission and After, Naik gives his own critique of his theoretical basis of the ECR. Here, he frankly admits that the framework adopted in the ECR about education and development had basic weaknesses, since it did not even refer to the extreme poverty and inequality in Indian society, and the highly unequal distribution of earnings, wealth and political power -- the basic problems of Indian society which need to be faced seriously. He also confesses the incorrectness of according primacy to education in social transformation. During the last few days of his life, Naik had almost given up his idealist position on the relationship between education and society. He no longer insisted that education has primary importance in social transformation.[52]

Naik's efforts have achieved one purpose. Like the post-independence slogans about 'socialism' and 'socialistic pattern', his writings have induced in many Indian planners, educationalists, politicians and administrators, the use of radical phraseology in education.

THE POLITICAL ECONOMY OF BASIC NEEDS STRATEGY AND NONFORMAL EDUCATION IN INDIA

The Constitution of India, proclaimed in 1950, made a specific provision for the achievement of mass education and the liquidation of illiteracy; one article in particular required the Republic of India to provide by 1960, free and compulsory schooling to all 6-14 year olds. The objectives of equality and social justice were also emphasised, along with special care for the weaker sections of the population, notably women and the backward castes and tribes. The Constitution placed on education the responsibility of enriching the lives of Indians and of uniting the intelligentsia and the masses.[53] It was evident that the objectives of democracy, national unity, economic and social progress enshrined in the Constitution cuold not be advanced without renewing and transforming education and improving its quality. How far did this transformation occur in India since 1947?

The educational system in India was hardly transformed to meet the goals set out in the Constitution. Professor S. N. Mukerji observes: "an educational apparatus which even after a hundred years has left 80% of the people unable to read and write stands self-condemned".[54] India's pattern of development discussed at some length, did not call for a major transformation of the educational system; on the contrary educational planning and practices were borrowed largely from Western models. The proposed changes in the post-independence period did not radically depart from the pre-independence pattern. Educational planning followed the same path laid down by the colonial rule.

One of the crucial questions this section addresses is: can nonformal education succeed where formal education failed? The decades

of the 1950s and 1960s, were the period of an unshaken optimism shared by the developing nations of the world in the efficiency of education in promoting development. Symbolising this belief was the opening statement of the ECR which dramatically observed: "The destiny of India is now being shaped in her classrooms".[55] As the evidence keeps on pouring in of just what the formal education system is doing and who they are benefitting, such optimism is no longer warranted.

While this blind faith in the contribution of education to the nation and the people as a whole has been shaken, few would hold the position that education has contributed to development. The disillusionment with formal education has been so great that people like Ivan Illich argue that formal education has not promoted "real" development, but is in fact responsible for many of the ills of contemporary society. The argument no longer is whether education can or does promote development. It does. The debate has shifted to the related issues of what is meant by development and whose development is being promoted. As John Simmons has observed:

> Education can promote development, but it depends on how development is defined. If it is seen as mainly economic growth, which tends to benefit upper-income groups, then schooling has contributed to it by widening the skills and raising the productivity of future workers. If development is defined as mainly improving the standard of living of the poorest 40% of the population, most of whom are illiterates or primary school drop-outs, then presumably formal schooling has not done much for them. In fact, the data shows that investment in education widens the gap between rich and poor in most countries.[56]

In 1978, the Indian University Grants Commission observed:

> Even in qualitative terms, it is mainly the upper and middle class that are the beneficiaries of this system.

> sixty per cent of the population (age 10 and over) which is still illiterate, has obviously received none of its benefits....Seventy per cent of the seats in secondary schools and eighty per cent of the seats in higher education are taken by the top thirty per cent of income groups.[57]

The above statements illustrate the familiar phenomenon that the main beneficiaries of growth in post-independent India have been the upper and middle classes. It has become increasingly clear that merely expanding the formal educational system does little for the welfare of the approximately 50% of the population who live below the poverty line. For this reason, India adopted a 'new' educational policy, that is, nonformal education, with the hope that it will meet the basic needs of the poor.

If one examines the nonformal educational programmes in India, which were set up to "help" the poor, one observes that the way these programmes are implemented is much too inadequate to meet the basic needs of the poor. The National Council of Educational Research and Training (NCERT) has opened centres in different states in India to promote nonformal education programmes. The objective of the NCERT is to educate the masses and to raise the standard of living of the rural poor. Briefly, let us examine one programme on nonformal education and see how it attempts to meet the objective of the NCERT.

The Karnataka State has a programme of 10 months duration for 10-13/14 non-school going children.[58] Centres have been opened in villages or backward areas (rural) of Bangalore, Hassan, Gulbarga and Belgoum. Each centre has a teacher who gets fifty rupees per month as honorarium. For part-time education two types of books -- general knowledge and common textbooks -- have been prepared and are being used,

and for continuing education -- four books on Kannada language, mathematics, science and social studies have been prepared. The state government which is financing this scheme sanctioned 4.5 'lakhs' rupees for the year 1977-78. Another nonformal education programme of this state is for the age group 15-25 years. The objectives of these programmes are:

1. To make the adults understand their environment and to develop in them the scientific attitude which will enable them to think independently and take decisions;

2. To make them understand the benefits of co-operative living, and its necessity for the development of the society and the country;

3. The nonformal education should help the learner to become more efficient in his profession. This would increase the production and improve the living conditions of the individuals; and

4. To enable them to become good citizens and effectively participate in the progress of the country.

The objectives of the above programmes suggest a number of things. Firstly, the poor are considered as non-productive, unskilled and therefore do not and cannot contribute to the national development of the country. Secondly, it is assumed that the poor cannot think for themselves and decide what they want. Thirdly, the above four objectives suggest that the poor are provided with nonformal education simply because they are poor.

It is widely assumed by the proponents of nonformal education that nonformal education can transmit new skills and values effectively and inexpensively, thereby contributing to national development and enhancing the status and income levels of marginal groups. Yet, our contention is that these groups are disadvantaged not so much because of their lack of skills but, in part, because of their lack of credentials and qualifications which are provided by the 'formal educational system'.

If this is true, can nonformal education -- a 'second rate' education without credentials -- change occupational levels and raise standard of living of the poor? Writers like Carnoy and Bacchus, have argued (see chapter 4) that nonformal education cannot achieve its long-term goal of greater social and economic equality unless schooling is 'deformalize'.

Evidence suggest that education is class-based and is elitist. The benefits from education, especially higher education, tend to go to the elite groups and the benefits from primary education to the masses. It is not state policies to expand primary education or to provide mass education.[59] In India landlords and traditional elites have little economic interest in expanding or spending on mass education. Their main economic asset is the land, often farmed at a near subsistence level. Because of its limited technological development and its social relations based on the family or the community, traditional means of production does not require that its workers receive the type of training or socialisation that is ordinarily undertaken in schools. Because the preservation of the traditional economy in rural India is of paramount importance to the traditional elite or the landlord class, they tend to oppose educational expansion and educational reforms which aim to provide equality and redistribution of resources.

From the political economy approach, nonformal education has little possibility of helping the poor to meet basic needs. The poor are more likely to resist any attempt by the government to impose nonformal education on them. Nonformal education is seen by its critics (e.g Carnoy, Bowles, and others), as a means of managing and controlling

the poor. According to Carnoy, the masses should exert more political pressure for formal education, because the latter provide more possibilities and economic rewards than does nonformal education.

Nonformal education, holds the possibility of further institutioalising the dual educational structure by fostering inexpensive practical manual training for the many and more conventional classroom education for the few.[60] Evidence of the dual educational structure is not lacking. The disparities in expenditures between rural and urban schools, or between elementary and secondary schools or universities, bear witness to it: urban post primary schools receive a share of the educational budget vastly in excess of their share of total enrolments. Nonformal education receives a very small share of the budget. Whatever research is available on nonformal education, the argument seems to be that nonformal education is basically for the poor and therefore it cannot be given the same priority as formal education receives.

CONCLUDING REMARKS ON INDIA'S EDUCATIONAL DEVELOPMENT

From the previous discussion on India's educational development and its development strategy, three main conclusions can be made. Firstly, the educational system which India inherited form the British was a system of education that was designed as part of the imperialist domination. It was consistent with the goals of imperialism: the economic and political control of the people in one country by the dominant class in another. The British in India attempted, through schooling, to train the colonised for roles that suited the coloniser.

Secondly, the kind of educational system which the Wardha Scheme proposed, provided a basis for eliminating illiteracy and the universalisation of elementary and primary education. After Independence, Nehru made attempts to provide basic education to all. As part of his institutional approach to development, his policies intended to provide mass education through rapid expansion of education. Although the First and Second Plans made statements on the expansion of elementary and primary education, they did not fully adopt the recommendations of the Wardha Scheme on elementary and primary education. As Nehru's socialist policies began to erode, the proposals of the Wardha Scheme were further neglected. What was proposed instead by the proponents of the entrepreneurial approach was a continuation of the system which existed under the the British rule. By proposing such a system, the entrepreneurial approach, backed by the World Bank, retreated from the goals of mass education and from the universalisation of primary education, which Nehru's model had a commitment to.

Thirdly, nonformal education, promoted by the World Bank as part of its new development strategy, was aimed to legitimise the failures of that strategy and the failures of the modernisation model of development. The policy-makers at the World Bank, realised that their development strategy had failed to achieve economic growth and to reduce poverty in the LDCs. Instead of admitting their failures, they diverted the problem and became the "spokespersons" of the poor. Suddenly, the poor became the focus of attention for the World Bank and under McNamara, poverty and rural development became the main pre-occupations of the World Bank. The World Bank took the responsibility of providing the basic needs of the millions

of poor in the LDCs. But what the new development strategy aimed at was not to meet the basic needs of the poor, but to 'liquidate' the Third World peasantry. Development, for the World Bank was not conceived in terms of providing food, shelter, clothing, water, etc. Development, for the World Bank means, the development of capitalism and its expansion. Therefore, the development strategy it promotes, is a reflection of its development ideology.

FOOTNOTES

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20. Ibid., p. 380.
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CHAPTER SEVEN

WORLD BANK'S 'NEW' DEVELOPMENT STRATEGY: DEFENSIVE MODERNISATION

The purpose of this chapter is to summarise the main findings and conclude the analysis. It will be recalled that the thesis set out to examine the World Bank's 'new' development strategy and its implications for Third World development. The analysis focussed on the main elements of the new strategy, the underlying theory and logic of the proposed changes, the questions of whether these changes marked a basic departure from the model anchored in modernisation theory, and more specifically on one key element of the new strategy, that is, the nonformal education and its implications for social change.

The development strategies of the 1950s and 1960s, stressed the expansion of the modern sector, raising savings and investment; and concentrated on government expenditure on "economic" as opposed to "social" overhead projects such as education, health, housing, and sanitation. The costs to the poorest section of the population in many developing countries that followed this "trickle down" strategy have now become clear. The study of India shows that not only have relative incomes and standards of living of the poor have decreased, sometimes markedly; but the discussion in chapter four suggests that the absolute income of the bottom 10-20% also may have fallen.

The reason that the "trickle down" strategy has produced such distributional results can be understood when one identifies the constituents of the "poor - the forgotten 40% of the population".

In India, the overwhelming majority of the poverty group is rural in origin, composed of landless rural labour or subsistence farm families. For the developing world in general, these rural groups constitute over 70% of the poverty population. Obviously, a strategy of economic development which concentrates on tax structures, commercial policies, and public expenditures on the development of a modern, capital-intensive industrial sector does nothing of a direct nature to increase the development prospects of the rural poor. The discussion in this thesis suggests that, "trickle down" policies, agricultural production has become more extensive and capital-extensive, contributing directly to the falling relative incomes of the rural poverty groups.

The failure of the "trickle down" approach, led to a reformulation of development strategies. The World Bank has recognised that the "trickle down" approach has failed. While it may have abandoned the "trickle down" approach, it does not mean that it has departed from the modernisation model of development. This model is not incompatible with the BN strategy. A strategy for rural development designed to meet the basic needs of the poor, would ideally entail significant cahnges in: a) land tenure; b) access to agriculture/production inputs in addition to land; c) increased expenditures on rural public works projects; and d) increasingly rural access ro health and educational facilities. In the absence of these strucutural reforms, the World Bank set out to eradicate rural poverty. According to the data presented in this thesis, the results of the new strategy are dramatic. The reasons are summarised below.

Rural development was aimed to create a stratum of kulaks, or small capitalist producers, who could serve as a social cushion by absorbing and diffusing pressures from the masses of tenant-farmers, landless peasants, and rural workers below.

What McNamara was offering the poor of the Third World was not a program that would meet their basic needs and come to grips with the root cause of rural dissatisfaction: the unequal distribution of wealth and power. As he explained to the World Bank's Board of Governors in 1974, the new strategy would "put primary emphasis not on the redistribution of income and wealth - as justified as that may be in our member countries - but rather on increasing the productivity of the poor, thereby providing for an equitable sharing in the benefits of growth".[1] An even franker expression of the Bank's intention not to disrupt the status quo was provided by the agency's Rural Development Policy Paper:

> It may frequently be desirable to design a project so that all sections of the rural community benefit to some degree. In some countries, avoiding opposition from the powerful and influential sectors of the community is essential if the program is not to be subverted from within. Thus, in some cases where economic and social inequality is essentially great, it is normally optimistic to expect that more than fifty per cent of the project benefits can be directed toward the target groups; often the percentage will be considerably less.[2]

McNamara's new development strategy, in essence, was nothing more than an updated version of the old, discredited "trickle down" approach which the Bank claimed to have abandoned by the early 1970s. To ameliorate poverty, the Bank proposed to increase the access of poor shareholders to critical technological and economic inputs, provide some benefits to the richer sectors of the community to keep

them happy, and to have everybody share the larger cake created by increased production and productivity. On paper, increasing productivity, mitigating poverty, meeting the basic needs of the poor and maintaining thr rural power structure might have appeared to be reconcilable objectives. In reality, they became mutually contradictory.

This contradiction is visible in the World Bank's promotion of the new development strategy in India. While during the 1950s, the Bank was primarily or mainly making investments for the development of industrial infrastructure in India, in the 1960s, its emphasis shifted towards rural development, and during these years its investment in agriculture and rural development has been increasing in cumulative terms. The Sector Policy Annual Reports of the Bank clearly emphasise that the share of agriculture has increased from 6% of the total Bank lending in 1960 to 16% in fiscal 1971-72 and 24% in fiscal 1973-74.[3] Why was the World Bank attracted to agrcultural development in India? The formal answer was given by McNamara's statement that agricultural and rural development would help in the eradication of poverty of millions of people and then strengthen the bases of the Indian economy.[4]

The study shows that rural strategies employed by the World Bank in India did not help the poor but increased disparities, and attracted foreign investors. For example, the Green Revolution in India opened new opprotunities for foreign investors in India, and the international fertilizer companies, the World Bank, the USAID were successful in persuading Indians to implement the new package of technology for agricultural development.

Since India, like most developing countries, had little infrastructure to support a large-scale programme of industrial development, the Bank evolved a strategy of inviting foreign capital and technology to 'transform' the Indian economy. The Indian bourgeoisie consciously collaborated with the World Bank and other foreign investors, to accelerate economic development.[5] The World Bank and the proponents of the modernisation model of development assumed that capital-mobilising institutions, infrastructure, receptivity to science and technology and an elite entrepreneurial class are "preconditions" for economic growth and development. Thus, aid flows and World Bank loans were directed towards capital-intensive industrialisation and the creation of infrastructure necessary for the pattern of development deemed suitable by the donor agencies and the Indian ruling classes.

Economic growth did occur in India, but the benefits remained in the modern sector, in the hands of a few who allowed little of the surplus to "trickle down" into the hands of the poor. The World Bank claimed that the fruits from economic growth will "logically flow to the poor". This neo-Keynesian assumption proclaims that the solution to the problem of poverty is economic growth and the key to economic growth is efficient production. Redistribution of wealth is a secondary issue in the neo-Keynesian paradigm - and one which establishment economists expect will become less important with growth since the resulting larger income pie, though still distributed unequally, will provide larger absolute slices for all. Moreover, redistribution is conceptualised in a very superficial way; it is

viewed as a modification in the sharing of national income, rather than a manifestation of a deeper problem - control over the means of production by those who have no interest in the needs of the majority, i.e, the poor. Redistribution with growth is not an abandonment of the modernisation model of development. It is another way of avoiding the explanation of the real causes of poverty.[6]

Despite the publicity attached to McNamara's inspirational annual reports with their appeals for a common effort to reduce mass misery in developing countries, the operational policies of the Bank were quite a different matter. Over the last decade, the Bank and IMF, were policing the development process often in a manner that directly opposed the mandates of a supposed ideology of empathy. The World Bank technocrats were leaning heavily on Third World goverment officials to impose regimes of fiscal austerity, which tended to raise prices of basic commodities and tighten credit in ways that impinged on the poor.

Since McNamara launched the basic needs approach, investment in agriculture and rural development has been increasing. The Bank's strategy of rural development and its increased emphasis on the rural poor, was a political response to the rural volatility in the Philippines, Mexico, India and other Third World countries. Displaced and proletarianised by export agriculture, trapped by an oppressive and obsolete land tenure system, the rural peasantry was becoming organised. The rural peasantry in the Philippines affiliated itself with the underground Marxist organisation. In Mexico, peasant

organisations held demonstrations and marches for land reform. McNamara and his colleagues at the World Bank were concerned about the growing unrest among the Third World peasantry. The priority of the political concern was evident in his speech at the IMF-World Bank Annual Conference in Sepetember 1973 in Nairobi, where he unveiled the new World Bank development strategy: "The real issue is whether indefinite procrastination (in land reform) is politically prudent. An increasingly inequitable situation will pose a growing threat to political stability".[7]

McNamara's program of preemptive reform was described by Fobert Ayers, an associate of the Bank as a strategy of "defensive modernisation" which "if successful, will create a smallholder sector closely intergrated with the national economy. Bank projects will encourage subsistence farmers to become small-scale market producers. With economic ties to other sectors, the farmers will be loathe to link their interests to those not yet modernized and will hesitate to disrupt the national economy for fear of losing their own market".[8] The World Bank would not admit that its development strategy failed miserably. Instead, it saw failure as entirely the responsibility of the Third World governments. "The government (Third World) has shown little administrative effectiveness in attacking the problem of rural poverty at the grassroots level". Indeed, it accused LDC governments "little improvement....in even attempting rural development projects".[9]

The failure of rural development, then, was principally a failure of a commom strategy shared by the technocrats of both the

World Bank and the governments of the Third World. As one World Bank consultant puts it:

> In short, rural development strategies to date have failed to provide meaningful benefits to those rural people most in need of them. Underlying all the rhetoric, concerns for production, control of rural discontent, and maintaining the support for elites are still paramount, as circumstances of most rural people continue to erode rapidly, perhaps already in an irreversible direction.[10]

From the evidence presented in this thesis, it can be argued that the new development strategy failed, largely because of its internal contradictions. Rural development was undone by the overwhelming focus on productivity combined with the absence of any serious effort to alter the relations of political economic inequality that were themselves thwarting productivity. Urban development also fell apart, because of the Bank's insistence in applying the criteria of cost recovery and other principles of capitalist finance to its urban housing and development projects for the poor and its refusal to grant "beneficiaries" any meaningful role in making decisions on issues that affected their lives. Thus, instead of social peace, these programs spawned popular resistance.

Why did the Bank continue to plug away in the face of evidence of repeated failures. Or more fundamentally, how could an agency supposedly devoted to development contribute to instead to under-development to the creation of an economic disaster?

A popular explanation resorts to conspiracy theory McNamara's rhetoric about the Bank's meeting basic needs and alleviating poverty is, in this view, nothing more than a smokescreen for diametrically opposite motives.[11] While it is easy to see why many in progressive circles might subscribe to this Machiavellian image of the Bank, reality

in this instance is much more complex.

The failures of the new development strategy were consolidated by the addition of nonformal education, which became a major component of the basic needs approach. The World Bank did not abandon basic needs, but added another component to it. Nonformal education, became the World Bank's policy through which it could legitimise the failures of the new development strategy. The critical analysts argue that, nonformal education was never intended to help the poor and to improve the standard of living in rural areas. It was aimed at controlling the poor, and denying them a 'proper education'. Neither nonformal education, nor basic needs, provide any basis for meeting basic needs of the poor. In the case of India, the Indian government, by adopting a policy on nonformal education retreated from the goals of universal primary and mass education. It was claimed that nonformal education would provide the poor with productive skills, that would make them more competent and eventually improve their standard of living. It follows the same logic of the "trickle down" policies. But nonformal education, by its very nature is "second rate" education , and it has no possibility of providing the poor with skills that could be sold in the market. Formal education itself is being criticised for producing "educated" unemployment. Nonformal education does not provide a basis to make the poor more competent in the job market. Besides, the logic of nonformal education is that, it is creating a dual system, one type of education for the rural poor (nonformal education) and one type for the predominantly urban population (formal education).

Providing nonformal education to the poor is considered to be a feasible redistributive policy by the proponents of BN strategy, partly because the rich are less likely to notice the sacrifice it costs them than they are with other redistributive measures, and partly because they may see it as helping, to make their own dominance legitimate, while in fact not threatening it.[12] The trouble with this analysis is that without a change in the reward structure, and given the discrimination within the school system in favour of the rich children, it is not necessarily redistributive.

Many World Bank's bureaucrats, especially those at the middle and lower levels who are directly involved in operations in the LDCs, are well-intentioned individuals. Many are, in fact likeable Benthamites who believe that what they are doing will bring about the "greatest good for the greatest number". Indeed, some people with considerable sensitivity -- the very sensitivity that turns into cynicism after years of serving the Bank and realising that their work has reaped more bad than good.[13]

In spite of the disclaimers of McNamara, Haq, Chenery, and other theoreticians of BN, the World Bank never really abandoned the "trickle down" approach. The sidestepping of the structural causes of poverty in rural development programmes was motivated not only by conscious political decision. It was also a reflection of the secondary and minor status of the distribution question in established economic ideology.

The "antipoverty" strategy of McNamara thus came to resemble Lyndon Johnson's Great Society effort to promote Black enterprises

in the ghettoes in the 1960s. Rural development aimed to make a limited number of peasants "more efficient producers". This was like throwing a life preserver to a swimmer caught in a typhoon. For the real dynamics of the system were such that "cost effectiveness" went to those with the bigger landholdings, bigger blocks of capital, more political influence, and more access to advanced mechanical and bio-chemical technology.

The BN strategy as proposed by the World Bank needs to be subjected to a searching examination by the international community. McNamara in 1978, stated that the World Bank's measures to reduce "absolute poverty in the Third World" involve "directing an increasing share of total lending to projects which directly boost the productivity of the rural and urban poor".[14] He explains that such projects stress agricultural production (with particular bias towards the needs of smallholders). Singh argues that BN cannot succeed unless these projects are intergral to an overall development plan of industrialisation and structural change in a country's economy. Singh gives the example of China which has been successful in meeting the basic needs of its people. According to Singh, China has been successful because its overall development plan was followed by major structural and institutional changes.

Singh outlines the main features of the Chinese model of development which enabled China to meet the basic needs of the people. These are: a) close integration between industrial and agricultural development; b) close integration between large- and small-scale enterprises and capital- and labour-intensive technology; c) incomes

and fiscal policy; d) limits on urbanisation and labour migration; e) consumption planning and mass provision of public services.[15] The World Bank's new development strategy hardly emphasised any of these features. It does not provide any basis for major structural changes, which according to the Chinese model, are necessary for the success of a basic needs strategy.

The thesis demonstrates that BN suffered a major set back in India. This is partly due to the kind of development model India has been pursuing. India's "capitalistic" pattern of development did not provide any basis for major structural changes. To meet the basic needs of the poor in India in a sustainable way, it is essential to raise the rate of economic growth, to reformulate land reform policies, to redistribute income, to provide social services for the masses and to raise the living standard of the rural population in order to prevent rural-urban migration. Without these changes, basic needs is unlikely to succeed. Neglecting these reforms or giving them low priority as India has, means that basic needs cannot be fulfilled on a long term basis.

THE WORLD BANK'S NEW DEVELOPMENT STRATEGY: SOME SUGGESTIONS FOR FUTURE POLICIES

The data presented and the conclusions reached in this thesis describe an acute problem rather than an acceptable state of affairs in the present international setting. To some, the problem is one of overcoming unacceptable magnitudes of absolute poverty within the developing world -- magnitudes now approximating 750 million persons. To the economists, the problem is that close to two decades

of rapid economic growth have done little to improve living conditions for the poorest 40% of most developing - countries populations, and that new strategies of economic development must be created which will have as their pirmary goal a much more equitable balance in the income distribution of the benefits of economic growth.

The World Bank's new development strategy provided a limited basis for overcoming poverty and inequality. The discussion in this thesis has demonstrated that, in spite of the Bank's concern for meeting basic needs, living conditions of the poor have deteriorated. The World Bank's policies on basic needs have failed by all equity measures. The quality of implementation of aid projects and programs financed by the Bank, is a cause for serious concern. Thus, in my view, there are major limits to the effectiveness of World Bank aid to LDCs. But there is also scope for dramatic improvements in some respect.

One of the major weaknesses of the Bank's new strategy is on theoretical grounds. The 1979 World Bank Paper admits that its statement of principles has been influenced by "the new concepts of development in the 1970s and a growing egalitarian spirit among governments have shifted the emphasis in educational development towards a democratising distribution of education at lower levels". It goes on "during the 1970s, a shift towards basic needs has occurred as a result of the profound changes in the perception of the development process itself".[16]

It may be presumed that these new concepts of development are those associated with what are known as 'underdevelopment' theories

and that the 'changes in the perception of the development process' are shifts to underdevelopment theory from modernisation theories. In the discussion of the new development strategy, one of the conclusions reached in this study is that the World Bank did not make a dramatic departure from the modernisation model of development. Development strategies derived from modernisation theory involved the adoption of techniques for accelerating the transition from one stage of development to the next. Economic development would be achieved by the transfer of capital and technology from high - income countries. This kind of thinking brought a major set back in the development of LDCs.

The World Bank failed to integrate the contribution made by the underdevelopment and dependency theorists, in its development policies. Underdevelopment and dependency theorists claim that a strategy of development would essentially include the following major ingredients:

1) investment should create linkages between the various sectors of the economy -- rural and urban -- to attain self-sustaining economic growth;

2) dependence on metropolitan investment and markets should be eliminated or reduced;

3) an equitable income policy;

4) new land reforms;

5) there should be no contradiction between the development of industry and agriculture;

6) there should be a more equitable distribution of educational opportunities;

7) education should be related to the needs of the rural economy;

8) education should raise the collective conscious of rural populations so that they become agents of social and economic change.

The elements outlined in the last page, drawn from underdevelopment theory, require serious thought if they are to be incorporated into a development strategy. It should be noted that underdevelopment theory contains a number of flaws, and they require separate discussion. However, the ingredients outlined provide a useful corrective for some of the assumptions of the stages-of-growth development type of modernisation theory. They may be desirable goals. It may be politically necessary for governemnts to adopt them if basic needs is to be met successfully. These are good reasons for governemnts and international agencies to pursue them. The World Bank can be effective for promoting those goals, provided it makes a dramatic departure from the modernisation model of development. As long as its development policies are influenced by modernisation sociology and modernisation economics, basic needs of the poor will remain unmet.

FOOTNOTES

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2. WORLD BANK. World Bank Rural Development Sector Policy Paper, World Bank, 1975, p. 40.

3. WORLD BANK, ibid.

4. BHAMBHRI. World Bank and India. New Delhi, Vikas Publishing House Ltd., 1980.

5. BELLO et al. The Development Debacle. The World Bank in the Philippines, 1982.

6. LEYS. "The Politics of Redistribution with Growth". IDS Bulletin, Vol. 7, no. 2, 1975.

7. McNAMARA, op. cit., p. 19.

8. Quoted in BELLO, op. cit., p. 70.

9. BELLO, op. cit., p. 98.

10. BELLO, op. cit., p. 99.

11. BELLO, op. cit.

12. LEYS, op. cit.

13. BELLO, op. cit.

14. SINGH. "The Basic Needs Approach to Development vs the New International Order: The Significance of Third World Industrialisation". World Development, Vol. 7, 1979, p. 601.

15. SINGH, ibid., p. 591

16. WORLD BANK. World Bank Paper, 1979, summary paras. 0.05, 0.35.

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